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Life Insurance

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46th ANNUAL STATEMENT

as of DECEMBER 31, 1940

ASSETS

At December 31, 1940...

the Company's funds, the cash, securities and investments it owned, its assets, were as follows:

Cash in Banks	\$ 1,733,879.06
(Federal Government)	27,000,399.58
BONDS (State, County, Municipal and School)	25,026,433.05
(Railroad, Public Utility and Others)	137,868.19
FIRST (On Farm Property)	13,061,471.31
MORTGAGE REAL (On City Property)	7,412,392.54
ESTATE LOANS (F. H. A. Loans on City Property)	7,886,265.12
(Insured and Guaranteed by U. S. Government)	
Accrued Interest on Investments	1,035,733.60
Loans on Policies	19,770,625.85
Net Premium Payments Deferred and in Course of Collection	2,788,779.14
Contracts of Sale of Real Estate	1,084,119.22
Farm Properties Owned	5,741,197.97
City Properties Owned	3,338,284.00
Home Office Building	1,291,055.66
TOTAL NET ADMITTED ASSETS	\$117,308,504.29

LIABILITIES

At December 31, 1940...

the Company's legal reserve, which is the amount of future policy payments for which the Company has already received its money, all of its other obligations, its liabilities and its surplus to policyholders, were as follows:

Legal Reserve	\$107,309,870.00
Claims Due and Unpaid	NONE
Incomplete Policy Claims (Claims incurred on which proofs have not been filed or completed)	429,245.48
Dividends Payable on Policies	1,143,781.91
Interest and Premiums Paid in Advance	716,110.95
Set Aside for Taxes Payable in 1941	240,000.00
Other Accrued Expenses	79,187.83
SURPLUS TO (Surplus Unassigned)	6,390,308.11
POLICYHOLDERS (Paid-Up Capital)	1,000,000.00
TOTAL	\$117,308,504.29
Paid Policyholders and beneficiaries in 1940	\$ 8,329,593.77
Increased Reserves of Policyholders in 1940	\$ 4,301,020.41
Increased Insurance in Force in 1940, to an all-time high of	\$455,159,138.00
Paid Policyholders and Beneficiaries since organization in 1895	\$129,500,000.00
Surplus Assets to Protect Policyholders increased to	\$ 7,390,308.11
Number of Policyholders increased to the largest in the Company's history	250,195

★ ★ ★ ★ ★
The crucial and ultimate test of any financial plan or institution is time. In the light of that test we submit this Forty-Sixth Annual Financial Statement.

In the future, as in the past, we shall continue to follow only those underwriting, investment and business principles whose soundness has been proved by time and experience.

W. E. BIXBY,
President

KANSAS CITY LIFE INSURANCE CO.

HOME OFFICE, KANSAS CITY, MO.

FRIDAY, FEBRUARY 7, 1941



Twins

AUTOMOBILE and accident insurance should really be considered **TWINS**. After an agent has sold one form he should not take it for granted that his sale is complete, until he has attempted to sell the other form. Either provides an excellent "door-opener" for additional business.

When a Travelers agent sells both automobile and accident insurance he makes possible twin benefits for his client. Wherever a client travels he is assured of . . . 1. benefits for him in case of personal accident and . . . 2. assistance and protection for him in case of an automobile accident for which he might be held legally liable.

Why not try selling each automobile owner both automobile and accident insurance? It means twin protection for the client . . . and extra income for you.

THE TRAVELERS INSURANCE COMPANIES • HARTFORD, CONNECTICUT

The NATIONAL UNDERWRITER

Forty-fifth Year—No. 6

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, FEBRUARY 7, 1941

\$3.00 Year, 15 Cents a Copy

Hines Discusses Details of New Service Insurance

Government May Have to Restrict Assumption of Payments for Draftees

WASHINGTON—The new national service life insurance system set up by the government for the men of the new army will start off with a fund of \$20,000,000 to meet policies maturing by death during the fiscal year which begins July 1.

From an actuarial standpoint it is estimated that obligations sustained during the year may total \$32,500,000, but the smaller amount has been provided because of the uncertainties as to the actual losses which may be involved.

Based on American Experience Table

The policies now being written are based on the American Experience Table, with interest at 3 percent instead of 3½ percent as under the world war war-risk insurance plan, it was explained by Brig. Gen. Frank T. Hines, administrator of veterans' affairs.

No estimate has been made of the number or value of policies that will be issued to men who are to be trained during the next five years, but at the peak of the world war war-risk insurance practically all of the 4,700,000 men and women mustered into the military services carried policies, the total of which approximated \$40,000,000,000. Out of that group, deducting those who have died, there are now only 618,346 who have retained their insurance in converted form.

Issued on Five-year Level Term

The new policies will be issued on a five-year level term, General Hines said, and will be convertible after the first year into any form of permanent life policy except endowment insurance. Beneficiaries will be restricted to persons in the immediate family of the insured. Benefits will be paid in equal monthly instalments for 240 months if the beneficiary is under 30 years of age, and for life of beneficiary and 120 months certain if the beneficiary is 30 years or older at the death of the insured.

Law Will Have to Be Amended

The new insurance system will be self-sustaining except for the losses incurred by the death of men while performing military duty, which will be assumed by the government.

In addition to the new insurance which trainees can secure, General Hines pointed out that Congress last year enacted legislation protecting the insurance which might be held by men when they enter the military service, which provides that the government shall guarantee the payment of premiums if the policyholder is unable to pay them

Simplify Treasury Decision on New Federal Tax Basis

NEW YORK — Understanding of Treasury decision 5032, which explains the new basis of determining taxability of life insurance, may be greatly simplified by applying a rule evolved by a leading tax specialist. A certain amount of confusion appears to have arisen, mainly due to the decision's use of a sort of dual proration in some types of cases. Outside of insurance payable to or for the benefit of the estate, which is always included in the gross estate, all other cases can be divided into three classifications, the first two comprising a large majority of cases: (1) Insurance issued on or before Jan. 10, 1941, in which the insured had any legal incident of ownership whatever after that date, even a reversionary interest; (2) all insurance issued after Jan. 10, 1941, and (3) insurance issued on or before Jan. 10, 1941, in which the insured had no legal incident of ownership whatever after that date.

All insurance in the first two classes must be included in the gross estate tax in the proportion that premiums paid by the insured bear to total of premiums paid. Whether such premiums were paid after or before Jan. 10, 1941, has no significance at all. For example, suppose the insurance totals \$200,000, payable to a named beneficiary.

Where Insured Pays Premiums

If the insured paid all the premiums, either directly or indirectly, then the whole \$200,000 must be included in the gross estate less the \$40,000 insurance exemption. If he paid none of the premiums directly or indirectly, then none of the proceeds need be included. Suppose, however, that total premium payments up to the date of his death were \$60,000, of which the insured had paid \$30,000, "directly or indirectly." Since \$30,000 is 50 percent of \$60,000, 50 percent of \$200,000, the total insurance, or \$100,000 would be includible for estate

during the year he is in service and for one year thereafter.

That law, he said, may have to be amended to take care of a situation that has arisen since its enactment, of insurance being sold on the theory that the government is going to pay for it.

"The law provides that if these policies have a loan-value reserve and it has not been exercised more than 50 percent, we can guarantee it," he explained. "The only abuse that may be brought about by salesmen endeavoring to sell insurance, with the thought that the government is going to pay for it, would be to sell it to these young men before they are called into service on the basis—you pay one month's premium, or two months' premium and then, when you get in, you apply for this certificate and the government will carry it. I feel we will probably have to protect the government by insisting a little more on forms of policies that have a reserve that will adequately cover the government and not permit somebody to go out, two months before they enter the service, take out insurance, pay one premium, and then make application for a protection certificate."

tax purposes, less the \$40,000 insurance exemption, or \$60,000.

This leaves only the third classification: Insurance issued before Jan. 10, 1941, on which the insured had given up all incidents of ownership prior to that date. To this classification the same rule applies as to the first two groups but a preliminary computation must first be made. Take the total amount of premiums paid between Jan. 10, 1941, and date of death. Determine the percentage this represents of the total premiums paid from date of issue to date of death. Apply that percentage to the insurance in question. (This calculation eliminates that proportion of the insurance paid for before Jan. 10, 1941, since that is exempt by reason of the assured's having given up all incidents of ownership before Jan. 10, 1941.)

Same Standards Apply

The result of the foregoing computation represents the percentage of the insurance considered to have been paid for after Jan. 10, 1941. To this amount the same standards are applied as have been set forth for the first two classifications. That is, if the insured paid all the premiums, the entire amount is taxable. If he paid none, none is taxable. If he paid part, then whatever percentage that part represents all the premiums paid from Jan. 10, 1941, to date of death is taxable.

The following would be an example of this third type of case, taking the same amounts as in the example previously given, \$200,000. Since the insured had given up all incidents of ownership before Jan. 10, 1941, it would first be necessary to determine how much of the premium was paid from Jan. 10, 1941, until date of death. Suppose that out of a total of \$60,000 in premiums paid from date of issue to date of death \$30,000 had been paid after Jan. 10, 1941. Because 50 percent of the premium had been paid after Jan. 10, 1941, only \$100,000 of the total could possibly be subject to inclusion in the gross estate, the other \$100,000 being exempt because the insured had given up all incidents of ownership prior to Jan. 10, 1941.

\$10,000 Would Be Included

To the \$100,000 representing insurance paid for after Jan. 10, 1941, the rule of who paid the premiums would apply. Suppose the insured had paid \$15,000 of the \$30,000 premiums paid after Jan. 10, 1941. In that case the ratio which the premiums paid by the insured bears to the total premium (considering only the period since Jan. 10, 1941, of course), would apply to the proceeds, so that one-half of the \$100,000 in question, or \$50,000, would be subject to inclusion in the gross estate, less the \$40,000 exemption, or \$10,000.

Thus, in this particular case one-half of the insurance would be exempt by reason of the insured having given up all incidents of ownership before Jan. 10, 1941, while of the remaining 50 percent only one-half would be subject to inclusion in the gross estate because the insured had paid only half the premiums out of the total paid subsequent

(CONTINUED ON PAGE 27)

Important Rule on Single Premium Policies Rendered

U. S. Supreme Court Holds Cost, Not Cash Surrender Value, Tax Factor

WASHINGTON, D. C.—Single premium life insurance policies which are irrevocably assigned simultaneously with issuance are to be valued, for gift tax purposes, on their cost to the donor rather than the cash surrender value, it was held by the U. S. Supreme Court in two cases.

In one case in which a detailed opinion was delivered by Associate Justice Douglas, policies with an aggregate face amount of \$1,000,000 were purchased by Florence Guggenheim at a cost of \$852,438, assigned irrevocably to three of her children at substantially the same time, and listed in her gift tax return at their asserted cash surrender value of \$717,344.

Commissioner's Interpretation

The commissioner of internal revenue held the value of the policies was their cost and assessed a deficiency which was paid, the case coming before the court on a suit for refund. The petitioner secured a favorable verdict in the district court, which was reversed by the circuit court of appeals.

"We agree with the circuit court of appeals that cost rather than cash surrender value is the proper criterion for valuation of such gifts under Section 506 of the act," Justice Douglas held.

The opinion dismissed the contention that the cash surrender value was the proper value, on the ground that if policies had an actual realizable value there would arise a business of purchasing such policies from those who otherwise would surrender them. Surrender, it was pointed out, is only one of the rights of the insured or beneficiary, others of which are the right to retain it for its investment virtues and to receive the face amount of the policy upon the insured's death.

Economic Benefits Determining

"All of the economic benefits of a policy must be taken into consideration in determining its value for gift tax purposes," it was declared.

A similar decision was rendered in the case of Madeleine D. Powers, who purchased single premium insurance policies and irrevocably assigned them as gifts. In this case, the board of tax appeals held that the value of the gifts was their cash surrender value, but the circuit court of appeals reversed.

The Bureau of Internal Revenue explained that no change would result in regulations with respect to single premium endowment policies which are deductible up to \$40,000 if in favor of

(CONTINUED ON PAGE 18)

Ex-Gov. Smith Says New Deal Moves to Control Insurance

Claims President Would Name Board Directors for Companies

NEW YORK—Former Governor Alfred E. Smith, a director of the New York Life, declared in a speech before the internes of St. Vincent's hospital that he had "definite information" the new deal was getting ready to take over control of the insurance business through a system under which the President of the United States would appoint directors representing the public on the board of each company. Mr. Smith likened this to the Russian commissar system.

The conservative, Republican New York "Sun" carried the following editorial comment on Mr. Smith's talk:

"Ex-Governor Smith, himself a director of one of the great life insurance companies, says he has definite information that the new deal contemplates regulation of the companies. This has long been feared; indeed, some have suspected that the course of socializing the United States would lead to the government's taking over the companies under the pretense of adding to 'social security.' The suspicion grew with the rise of government deficits and public debt through paternalism and waste. Now that there is need for new billions to pay for the necessary national defense, the assets of the life insurance companies may offer fresh temptation. The most recent estimate of these assets, piled up by the policyholders in their own social security endeavors, was \$29,000,000,000. The estimate of the cost of the national defense, as given by Secretary Morgenthau yesterday, is \$28,500,000,000. Pure coincidence, of course."

O'MAHONEY ISSUES DENIAL

WASHINGTON—Chairman O'Mahoney of the TNEC, commenting on newspaper reports of Mr. Smith's speech, declared that it was his personal opinion that "legislation providing for federal regulation of the insurance industry is about as remote as could be imagined at this time."

Calling Mr. Smith's reported statements "quite characteristic," O'Mahoney expressed the opinion that "like so many other statements issued by persons in the insurance industry in the last six months, Smith's speech is based upon unsubstantiated rumor and report." He added that he had received assurance from S. T. Pike, SEC representative on the TNEC, that no such suggestion as Mr. Smith had described was contemplated by the SEC.

Public meetings to be held in the near future by the TNEC, at which it will receive the suggestions of various members for the recommendations to be incorporated in its report, will settle the issue finally, it was pointed out, but Chairman O'Mahoney's views are believed to reflect those of a majority of the members of his group.

Many Iowa Farm Sales

DES MOINES—Commissioner Fischer appeared before a joint public hearing held by the Iowa house and senate farm tenancy committees to review the sale of farm lands by insurance companies during his tenure in office. He said more than 5,000 farms had been sold by insurance companies since 1939.

Joins Reliance Life



FRED D. STRUDELL

Reliance Life has appointed Fred D. Strudell as district manager in its mid-western department at St. Louis. He has had many years experience in the business and was vice-president of Central States Life until it was taken over by the department. He has been a highly successful personal producer and when he was with the Albachten & Strudell agency of Northwestern National in St. Louis he led the field force of the company one year. His average paid production through the years exceeds \$250,000. He was at one time with Missouri State Life and for a period was Chicago manager of American Reinsurance of Dallas.

Mr. Strudell received the C. L. U. designation in 1934.

N. Y. Meeting on College and Insurance Setup Feb. 10

The committee for cooperation with colleges and universities of which Grant L. Hill, director of agencies Northwestern Mutual Life, is chairman, will be held at the Yale Club in New York, Feb. 10. The other members of the committee are: O. J. Arnold, V. B. Coffin, C. O. Fischer, F. H. Haviland, John Marshall Holcombe, Jr., Dr. David McCahan, Cecil J. North, Earl R. Trangmar, A. A. Rydgen.

Increase your sales with "24 Men in 24 Years." 8 copies for \$1. National Underwriter.

N. Y. Life's New President Hits Private Placements

NEW YORK—G. L. Harrison, new president of New York Life, told members of the Bond Club here that he felt that "the public interest would be better served in the long run if the practice of private placements were substantially restricted, leaving to the established machinery of the capital market both the capacity and the continuing responsibility in carrying for the needs of large and small borrowers as well as large and small investors in both good times and bad." He conceded that "possibly no one investor can alter the practice in fairness to its beneficiaries."

Fire and Casualty Charters Asked by Conn. General

HARTFORD—While indicating that Connecticut General Life is not prepared immediately to enter the fire and casualty field, Frazar B. Wilde, president, said last week the company is laying plans eventually to do so. Petitions have been presented in the Connecticut assembly to enable Connecticut General to increase authorized capital from \$3,000,000 to \$10,000,000 and to secure charters covering formation of fire and casualty affiliates.

President Wilde pointed to the rapid growth of the company since 1900 and suggested expansion as a logical step for a stock life company. He mentioned the Travelers and Aetna as examples in point.

Liquidating Bill in Tennessee

NASHVILLE—The Tennessee legislature is being asked to consider a new law regulating the "liquidation, rehabilitation, reorganization, or conservation" of property and assets of delinquent insurers. The proposed law, which is similar to one enacted in 1939, makes the insurance commissioner "domiciliary receiver" in the "delinquency proceedings" of such insurers and gives him full authority to "liquidate, rehabilitate, reorganize, or conserve" the business of such company.

Another bill requires contracts payable in burial benefits or services in excess of \$100 to be redeemable in cash if the beneficiary demands it.

Bankers Life, Neb., Mutualization Plan Is Approved

Gradual Process Over 20 Year Period to Retire \$500,000 Stock

LINCOLN, NEB.—Stockholders of Bankers Life of Nebraska at their annual meeting approved a plan submitted by directors providing for gradual mutualization over a period of 20 years.



HOWARD S. WILSON

Howard S. Wilson, president, announced the action to the general agents at their annual meeting in Lincoln Monday. Until the complete mutualization is effected, he said, the company will continue to function as a stock company. The plan, however, is sufficiently flexible to permit consummation within a shorter or longer period.

Stockholders set a figure of \$3,000,000 for their interest. During the last 10 years outside insurance companies and others have sought to purchase a controlling interest in the company, but

(CONTINUED ON PAGE 30)

FIGURES FROM DEC. 31, 1940, STATEMENTS

	Total Assets	Change in Assets	Surplus to Policyholders	New Bus. 1940	Ins. in Force Dec. 31, 1940	Change in Ins. in Force	Premia Income 1940	Total Income 1940	Benefits Paid 1940	Total Disburs. 1940
Acacia Mutual	93,705,433	+6,994,890	3,906,549 ¹	36,562,040 ²	422,897,589	+12,022,310	11,135,377	17,629,207	6,180,728	10,666,171
American Mutual Life	30,105,980	+506,056	1,829,288	7,270,544	90,866,486	+51,275	2,970,269	4,631,743	2,349,536	4,326,078
Boston Mutual Life	15,079,376	+937,987	909,097	22,420,241	94,660,449	+4,737,258	3,696,407	4,360,806	1,768,783	3,406,391
Business Men's Assur.	22,118,393	+2,278,689	1,943,513	21,203,283	112,788,126 ³	+5,175,858 ⁴	6,074,799 ⁵	7,386,459 ⁶	2,808,552 ⁷	55,261,322
Equitable Life, Can.	12,695,621	+536,206	1,262,498	2,851,288	41,375,116	+312,286	1,045,560	1,813,590	781,758	1,145,252
Great Northern Life	7,963,288	+348,343	500,000	5,303,884	38,627,587	+1,220,481	1,039,604	3,345,696	604,586	2,981,071
Guarantee Mutual	26,238,437	+1,838,034	2,794,124 ⁸	14,615,307	139,287,538	+2,029,241	3,805,433	5,280,874	1,917,354	3,529,652
Guardian Life, N. Y.	148,587,651	+8,386,117	5,794,862	40,565,255	499,982,736	+6,710,184	16,642,396	27,557,783	12,901,811	19,133,547
Jefferson Standard	94,764,607	+7,264,066	6,730,007 ⁹	50,957,901	422,319,191	+19,741,106	12,937,769	19,303,044	6,821,518	11,590,958
Lamar Life Ins. Co.	15,937,463	+1,099,364	1,050,000	8,238,481	73,678,863	+2,194,210	1,965,721	2,958,026	1,041,978	1,908,843
Loyal Protective	2,268,326	+178,572	1,387,712 ¹⁰	1,378,454	3,833,555	+875,350	131,717	1,483,160 ¹¹	15,475	101,265,501
Monarch Life	6,933,408	+772,606	1,385,448	3,109,340	23,998,436	+1,319,426	639,668	4,329,024	101,521	2,585,533
Monumental Life	37,266,013	+3,027,634	4,813,173	79,389,587	323,444,537	+26,057,414	9,523,049	10,924,522	2,740,833	7,918,946
North American, Ill.	15,363,559	+232,799	816,595	10,442,577	69,481,375	+2,256,132	1,662,117	2,498,510	1,265,023	2,146,499
Northern Life, Can.	11,714,176	+356,269	753,174 ¹²	6,300,885	61,980,710	+1,950,602	1,333,825	2,037,464	1,003,981	1,652,307
Old Line Life	23,440,202	+811,604	1,737,816	7,582,098	82,607,855	+2,250,816	2,550,332	4,423,795	1,993,589	3,573,290
Philadelphia Life	14,306,730	+386,063	906,283	5,066,651	54,429,978	+516,891	1,532,569	2,394,709	1,250,571	1,946,341
Provident Mut. Life	381,483,367	+17,769,947	20,960,480 ¹³	70,117,778	997,152,463	+17,108,604	34,427,081	59,491,628	27,676,315	41,527,446
Security Life & Trust	7,357,454	+805,065	739,544	18,228,841	63,140,272	+7,613,206	1,477,831	1,874,539	406,357	1,074,261
Security Mut. Life, Neb.	7,100,762	+347,979	390,243	4,949,974	34,440,984	+1,665,067	841,424	1,241,123	509,138	905,801
Sun Life, Md.	21,502,209	+1,193,238	3,086,951	27,074,102	143,981,344	+9,138,565	3,689,932	4,703,415	1,283,415	4,014,410
United Benefit Life	17,116,082	+2,288,781	829,790	49,111,209	170,156,568	+20,272,294	3,119,275	5,645,749	875,435	3,429,502
United Fidelity Life	7,382,230	+760,111	840,085	10,743,704	50,070,097	+1,274,377	1,348,233	1,737,187	446,731	1,001,059
Western Mutual Life	509,239	+102,697	90,740	2,283,000	7,815,578	+1,354,602	216,570	270,599	48,430	188,835
Western & Southn. Life	188,772,252	+7,877,199	27,787,481	165,067,428	993,552,639	+54,879,062	30,512,912	40,222,879	16,816,282	32,498,072
Wisconsin Life	6,381,109	+358,370	264,084	1,611,384	25,290,644	+453,624	1,174,984	490,478	812,641	812,641
Wisconsin Natl. Life	9,968,984	+479,419	1,350,345 ¹⁴	4,598,219	41,385,217	+1,202,398	1,050,890	1,503,746	555,908	1,027,214
Natl. Mut. Benefit, Wis.	6,169,621	+226,864	854,250	3,786,531	34,939,304	+662,882	784,472	1,101,482	522,200	870,721

¹Includes \$1,000,000 contingency reserve.

²Excludes increased and revived, includes dividend additions.

³Ordinary only, group \$13,534,397 additional.

⁴Ordinary only, group \$6,254 additional.

⁵Includes A. & H. department.

⁶Includes special and unassigned surplus.

⁷Includes contingency fund.

⁸Includes \$248,179 investment reserve.

⁹Includes \$150,000 contingency reserve.

¹⁰Includes A. & H. department.

¹¹Includes \$375,000 emergency reserve.

¹²Carried as contingency reserves for asset fluctuation and for mortality and disability fluctuations.

Increased Sales Predicted at Girard Life Parley

Company to Go on 3 Percent Basis—Gains Recorded

ATLANTIC CITY, N. J.—More than 100 field men, executives and special guests and their wives attended the 35th annual meeting of the Girard Life here.

Substantial gains recorded last year provided an atmosphere of optimism which prevailed throughout the entire three-day program.

W. L. Crawford, actuary and assistant treasurer, announced that the Girard Life will go on the 3 percent interest basis as soon as new forms are approved by various insurance departments and new rate books and policy values tabulated.

All premium rates will be increased, varying according to the importance of the interest factor in the various contracts, especially where the premium paying period is short and on the insurance and income plans because of the increased maturity value due to the increased cost of the annuity.

Calculate Increases

On ordinary life non-participating plan the increases will run approximately from \$1 per \$1,000 of insurance to around \$1.50; the average increase will probably be about 6 percent. The 20 payment life non-participating premiums will be increased by about \$3.25 per \$1,000, and the increase in the 10 and 15 payment life will be somewhat greater. The 10, 15 and 20 year endowment premiums will have an increase of \$2.25 to \$3.50 depending on the term and on the age at entry. The insurance and income plans will have a larger increase, probably an increase on the average of about \$6. Term insurance plans will show little difference in the premiums because the reserves are small.

The new cash values will in the early years of duration be, as a rule, almost the same as on the present 3½ percent interest cash values and by the end of the 10th year these new values will be considerably greater than at present, the increase in the cash values being approximately equal to the increase in the premiums paid.

Cash Values Greater

The cash value at maturity will be considerably greater; about \$140 greater on the insurance and income at 60 plan. There will be little change in the paid up values and in extended insurance terms, the latter being a little longer under the 3 percent interest. The installment options will cost more, so that each \$1,000 applied under Option A and Option B will produce \$5 or \$6 less each year than at present, depending on the years to run.

At the first general session company practices and plans for 1941 were discussed. C. T. Botting, superintendent of agencies, presented an analysis of the expanding life insurance market. He displayed the help wanted sections of a large metropolitan daily paper showing 2½ pages of advertisements offering work, while the "situations wanted" section was less than a half a column. This is exactly the reverse of the situation three or four years ago and gives a realistic picture of the great amount of reemployment which has taken place within the past year, he said.

Underwriting medical policies was ex-

(CONTINUED ON PAGE 27)

Gains Predominate in Reports from Companies for 1940

Assets of the Northwestern Mutual Life reached a new high of \$1,358,999,648, a gain of \$66,576,833.

During 1940, 58,223 new life policies were sold totaling \$199,467,081, an average of \$3,426 per policy. Sales were 2.2 percent ahead of 1939. In addition there was \$13,863,854 in reinstatements and \$4,108,860 in 1,038 life annuities. Insurance in force totals \$3,948,732,732, an increase from \$3,911,212,531, and 1,069,549 policies compared with 1,054,638 at the end of 1939.

Bond investments total \$796,341,377, 58.6 percent of total assets. Bonds include U. S. A. obligations, direct or fully guaranteed, \$119,856,747; state, county and municipal bonds, \$275,813,628; Canadian government provincial and municipal, \$39,860,789; railroad bonds, \$119,358,721; railroad equipment trust certificates, \$34,395,941; public utility bonds, \$193,165,102, and industrial and miscellaneous bonds, \$13,890,449. Bonds had a market value of \$30,679,525 in excess of statement values. Cash totals \$14,298,537.

Mortgage loans of \$309,939,460 represent 22.81 percent of assets, including \$223,813,022 city loans, which increased \$2,273,646, and farm mortgages of \$81,364,852, which decreased \$669,237. Real estate acquired through foreclosure represented 2.85 percent of assets with a valuation of \$38,720,662. Home office property is carried at \$4,512,701. Land contracts on real estate sold total \$6,671,434. Policy loans represented 10.19 percent of assets and totaled \$138,541,568, a decrease of \$15,586,629.

Taxes payable in 1941 are estimated at \$3,261,030; dividends \$33,400,000.

There is a reserve of \$5,083,113 against

mortgage loan investments; and a surplus of \$62,048,010, which increased \$4,861,668.

Total income was \$217,722,352, including \$129,844,567 gross premium and \$55,813,456 interest and real estate income. Disbursements totaled \$152,942,540, including \$108,149,860 paid to policyholders and beneficiaries, of which \$45,685,906 represented death claims, and \$32,145,988 dividends. In addition, \$15,684,717 was paid to beneficiaries under income settlement plans. Taxes paid amounted to \$4,328,285. Installment payments to beneficiaries under options have increased from 38,191 checks annually 10 years ago to 193,291 checks in 1940.

Interest rate on desirable securities showed a further downward trend in 1940, President M. J. Cleary stated. The average net rate earned was 3.7 percent, or 0.3 percent lower than in 1939, which was in turn .04 percent lower than in 1938. There are indications that the downward trend will be levelled off. The unsatisfactory interest rate offers no threat to the solvency of life companies but it does reduce excess earnings available for dividends.

Mortality was satisfactory. Death claims were received on 6,547 holders of 11,227 policies. The average age of deceased policyholders when first insured was 39.32 years, and the average period of ownership 23.44 years, or an average age at death 62.7 years. Diseases of the circulatory system again lead in the cause of death, accounting for more than 44 percent. Since the discovery of sulfanilamide and related drugs, deaths from pneumonia have been cut sharply. Two war death claims were paid on

(CONTINUED ON PAGE 11)

U. S. May Insure Life Policies Up to \$5,000

Legislation Being Written by Rep. Patman Would Be Like Bank Deposit Law

WASHINGTON — Legislation providing for government insurance of life insurance policies up to \$5,000, in much the same manner as bank deposits now are insured, is being written and will be introduced in Congress in the near future, it was disclosed this week by Representative Wright Patman. The guarantee would pertain to death benefits only, not to cash value.

The Texas congressman forecast that the large companies will object to the bill.

The measure he is writing is framed along the lines of the Federal Deposit Insurance Corporation legislation, under which commercial banks pay a low fee for the guarantee of deposits up to \$5,000, Mr. Patman explained. The bill would provide for such a small fee to be paid by insurance companies that no company will be likely to object to the plan on the ground of the expense involved.

"The representatives of the very large companies will probably object to the plan because they now have such an advantage over their smaller competitors by reason of their size," he said.

"Adoption of the plan will not only give protection to the policyholders in companies acceptable to the proposed insurance corporation but it will have a tendency to prevent the further undue concentration of insurance reserves in a few banks in one city."

New Mich. Department Actuary

LANSING, MICH. — Commissioner Berry has appointed Wayne W. Garnett, now of Washington, D. C., but formerly assistant actuary in the Michigan department, as actuary. The department has had no one with the title of actuary for some months.

Mr. Garnett, the commissioner said, will direct the current examination of the Michigan Union Life of Grand Rapids, ordered last week after complaints had been filed with legislators and with the attorney general's department regarding allegedly exorbitant assessments against members. The fraternal, it was revealed, had been seeking to mutualize.

N. Y. Health Insurance Measure

A bill to establish a health insurance fund patterned after the state unemployment insurance act has been introduced in the New York legislature by Senator Gutman and Assemblyman Wagner. It provides for weekly contributions from employers, employees and the state. It would be applicable to all wage earners and their families earning less than \$1,500 a year. Those under the plan would be entitled to services of a physician, dentist, hospitalization, appliances and medicine. There would be medical benefits ranging from \$6 weekly for employees without dependents earning less than \$15 a week to a maximum of \$16 for those with three or more dependents and earning \$25. The measure provides for maternity benefits for a period of six weeks preceding and following delivery for women wage earners.

No plan is worth the paper it is written on unless it starts you doing something.

EQUAL SERVICE

Two stories of life insurance in action. One concerns an immigrant not too well off, the other concerns a very wealthy man.

The first started back in 1914 with a 20 Year Endowment. Several premiums were paid, and then nothing more was heard from the insured. Letters to his house were unanswered. He had moved, and no one knew his whereabouts. Twenty years later, when the pure endowment portion of the insurance matured, the company was in the position of having money to pay but not knowing where to pay it.

A search was necessary, so it was some time before the company was able to write to a Colorado representative telling him that the man was somewhere in his territory, that \$1,007 was due him. The representative located the man, operating a farm, went to see him and offered the check. But the farmer declined to sign any papers or accept the check—he believed that all his rights had been negated by the lapse of years before. He was persuaded to send the check to his bank, which quickly added new figures to his account.

At about the same time, after weeks of search, we were able to pay another policyholder, who happened to be a very wealthy man, the sum of \$2.07.

* * *

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Linton Sees No Great Inflation Danger

Rising Prices Will Create Need for More Life Insurance

Although he sees a rising level of prices as one probable effect of the government's defense program and other economic influences, M. A. Linton, president Provident Mutual Life, sees no cause for alarm in the present situation. Speaking before the annual meeting of the General Agents Association of the company at the Edgewater Beach, Chicago, Mr. Linton was emphatic in his convictions that the United States is not headed toward uncontrolled inflation.

The country may be in for a rise in prices similar to that experienced from 1915 to 1920, but the type of inflation undergone in Germany in 1923 is "unthinkable" under present conditions in this country, with its natural resources, its plant capacity, and gold reserve, according to Mr. Linton.

A severe price inflation would reduce purchasing power of life insurance proceeds and families would face serious economic adjustments as they did in the last war when the price level practically doubled in five years. But people will have to increase insurance protection in order to offset the effect of inflation. Pressure of rising prices during the last war was reflected in an increase of 2½ times in life sales, 1915 to 1920, Mr. Linton said.

Wise Tells Agents' Essentials

Willard K. Wise, vice-president and manager of agencies, in his talk, said although other qualifications are important, the essential and distinctive qualifications for a life insurance man are friendliness, appreciation of life insurance, social consciousness, and the concept of the finished sale.

Although a life insurance agency wants men of integrity, courage, character, health, ambition, energy and personality, these are common denominators for any position of importance. There are characteristics specifically and peculiarly essential to success in life insurance, according to Mr. Wise.

First is friendliness, and likeability. The number of people he knows at a given time is not nearly so important as his ability to know more of them if he puts his mind to it.

Second is an appreciation of life insurance. He must know and believe that life insurance rates are adequate and fair, that policy terms meet the best interests of society.

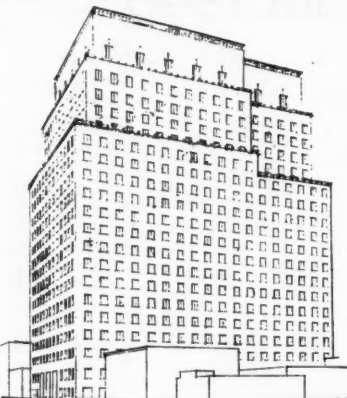
A third qualification is ability to appreciate the social needs of others. He must have a keen realization of the necessity of members of society getting along with one another and must realize that social and monetary values go hand in hand.

Must Sign on Dotted Line

Last, the agent must have the ability to realize instinctively that all is of no avail without a signature on the dotted line. He must not merely be a preacher and a teacher, but a salesman, and must realize that no sales are ever going to be made until he himself takes the initiative.

Other speakers included President M. A. Linton; Vice-president F. Phelps Todd; J. Henry Hooper, Baltimore; Robert E. Brake, Sioux City; Alex M. Hammer, Boston; W. Lawrence Rotz, Decatur; Donald A. Hampton, San Francisco; Allen L. Dickey, New York; Raymond E. Holway, Rutland; Samuel P. Quarles, Kansas City; Lewis C. Sprague, New York; Ernest H. Perkins, Albany; Louis F. Paret, Philadelphia; George P. Shoemaker, New York; James H. Cowles, Los Angeles; Joe B. Long, Knoxville; Malcolm L. Williams, assistant manager of agencies; E. Milnor Bechtel, agency assistant, and Nel-

Prudential Plans to Start New Skyscraper in Spring



NEWARK — Prudential hopes to break ground early this spring for its new million dollar office building, the first major structure to be erected in Newark for a decade.

The 18-story building, the architects' sketch of which is shown herewith, will cover about half a city block and will be the latest addition to Prudential's group of home office structures. The company is now forced to rent considerable space in nearby office buildings.

The skyscraper will be erected in the block acquired a number of years ago by Prudential, and will front on Washington street, directly opposite the company's Gibraltar building. Architectural plans call for a steel structure with brick masonry and stone trim, simple in design and modern in all respects. It will be completely air conditioned. Sixteen high-speed elevators will furnish transportation for employees. The layout of the building was designed for maximum utility, to speed operations between all departments.

The company deferred building plans until Washington officials advised that the erection of a large office building would interfere in no way with the defense program.

son A. White, advertising manager. The program was planned by a special committee consisting of J. Stinson Scott, George P. Shoemaker and Willard Ewing.

The E. Glass agency of United Life & Accident at Hartford, in 1940, its 20th anniversary year, had an increase of 16 percent in paid for business.

Jones Luncheon Plans Completed

The Insurance Federation of Illinois, sponsor for the luncheon meeting Feb. 21 in Chicago in honor of Paul F. Jones, Illinois director, is completing plans to make this a turnout from every branch of the insurance business to welcome and get acquainted with the new director. With John L. Clarkson, Bartholomay - Darling - Clarkson Company, Chicago, as chairman, the reception committee, formed from leaders representing every field of insurance, will meet the director and escort him to the speakers' table.

The committee on arrangements embraces Gail Reed, Chicago broker, chairman; John P. Keever, vice-president Maryland Casualty and federation president, vice-chairman; W. J. Floreen, Rollins-Burdick-Hunter, and Mrs. Lillian L. Herring, federation secretary. Ferre C. Watkins, identified with the state administration, will extend the personal greetings of Governor Dwight H. Green and will introduce Director Jones.

On conclusion of the luncheon, Mr. Jones will remain to meet all those who would like to meet him in person.

Reservations for tables of 10 at \$1.50 per person will be made in the order of their receipt and should be forwarded to Mrs. Herring at 816 Insurance Exchange building, Chicago.

Travelers Promotions in Little Rock, Cincinnati

T. S. Medlin, assistant manager of the life department of the Little Rock branch of Travelers, has been promoted to manager of the same department of that office. He succeeds John M. Paines.

Richard D. Jervis, field assistant in the life department of the Cincinnati office, has been promoted to assistant manager in the same branch.

Home Office Men Hear Boland

Dr. John E. Boland, medical director of Country Life, Chicago, was the guest speaker at the January dinner meeting of the Chicago Home Office Life Underwriters Association. Harold Hornberger, Great Northern Life, president, presided. The secretary-treasurer is Richard Fox. The club was formed over six years ago and holds nine meetings annually. Meetings are held on the third Wednesday evening of the month and the next one is planned for Feb. 19.

Siegel Now Sells By-Product-His List

NEW YORK—At prices ranging from \$7.50 to \$15 per 1,000 names, Morris H. Siegel's Policyholders Advisory Council is offering the use of the concern's list of clients, alleged to number 60,000, to those wishing to sell "wanted merchandise or needed service to these wide-awake, active families." The council's circular letter making the offer specifies that the list itself will not be released but that addressing of the list-renter's circulars will be done in the council's office, the latter then mailing them out. However, it is obvious that by making an unusually liberal trial offer the firms using the list could get replies from the cream of the list and use them for future circularization or solicitation.

While the council's circular letter states that the lists "will not be rented to any firm in the financial field," no other limitation on the type of merchandise is mentioned. No secret is made of the source of the names, the circular stating that it is "our insurance advisory service," and that "we have helped these 60,000 metropolitan area families reduce their annual outlay for insurance and recover 'frozen' cash values from their policies."

Touting the buying power of the persons listed, the letter goes on to say that "these clients own substantial sums of life insurance and possess above-average purchasing power. Average cash recovered per client: \$250. Average annual premium reduction, 35 percent—or approximately \$2 per week of additional buying power per client. . . . Our own mailings to this list have yielded high returns. Clients respond readily to printed messages. Able to analyze and act upon offers of wanted merchandise or needed services."

The council's circular, signed by Clark R. Jackson of the "sales research division," urges the recipient to "act today," and winds up: "So please dictate your reservation right now, won't you? Advise us of the date when you want us to release your mailing. Cover your reservation with a check. We'll handle all details for you upon receipt of your order. I'll be looking for your reservation!"

The contrast between this offer and the professional status claimed by the council as an insurance adviser has caused considerable amusement among life insurance men here.

Hidden Taxes on Insurance High

Survey Shows Only 4.71 Cents of Every Dollar Collected Spent to Supervise

WASHINGTON—A survey of invisible taxes on policyholders, through special state insurance levies, licenses and fees has been compiled by the insurance committee of the Chamber of Commerce of the United States. The report points out that indirect taxation has become a large source of general money, and that in justice to the public the hidden or indirect taxes should be spotlighted.

Important among these hidden taxes are the taxes on insurance. Policyholders generally do not realize that they themselves pay the hidden taxes on insurance. In the last year only \$5,014,247 was spent for maintenance of state insurance departments out of a total of \$106,422,311, which was collected by the states from insurance companies in premium taxes, licenses and fees and other charges. The amount establishes a new high and represents an increase of more than 100 percent over 1922, the first year for which complete figures are at hand.

Low Figure for Supervising Service

On the average out of every dollar of insurance taxes collected by the states last year only 4.71 cents was spent for supervisory service to policyholders. The remaining 95.29 cents was used for general revenue purposes. These figures do not include federal and state income taxes, capital stock taxes, taxes under the federal social security act and related state laws, taxes on real estate and personal property and such other taxes and fees as are common to business generally.

The report also urges local chambers of commerce throughout the country to cooperate with the insurance department of the national chamber in its educational work in this field.

"In conclusion," the statement reads, "it should again be emphasized that policyholders as well as other beneficiaries should be on guard, alert and vigilant to appraise and interpret intelligently insurance tax measures which not only affect their personal interest but which also, and more importantly, strike at a fundamental American tradition—encouragement to the individual to provide for security through voluntary effort."

Life Angle Seen in SEC's Fight for Competitive Bids

NEW YORK—The Securities & Exchange Commission's fight to force competitive bidding on the investment banking business has a dormant life insurance angle which may come out in the open before the current scrap between the SEC and the investment men is over. The SEC feels that by insisting on competitive bids the lowest price to the ultimate buyer will result. The investment bankers prefer the usual system of floating bond issues through one or more underwriting houses at a price negotiated with the borrower. They say that competitive bidding tends to raise the price to the buyer.

One thing that some security dealers fear is that with competitive bidding a bond house having a contract to sell the entire issue to one or several life companies could make a better bid than other houses which would be faced with the expense of marketing the securities through the usual channels.

James H. Mickey, associate general agent of the Connecticut Mutual Life, Kansas City, has been appointed chairman of the men's division of the United Charities campaign.

THE OHIO NATIONAL LIFE INSURANCE COMPANY

31st Annual Statement

Highlights of 1940

★ Ohio National assets grow to an all-time high of \$55,302,345.20; increased \$6,998,049 in 1940.

★ Ohio National policyholders own \$216,644,428 of life insurance in this Company, the largest amount in the Company's history.

★ Ohio National policyholders in 1940 bought \$22,458,836 of new life insurance.

★ Ohio National paid beneficiaries \$1,540,656.54 in 1940.

★ Ohio National paid to living policyholders \$2,732,205.88 in 1940.

RESOURCES

Cash	(1.82%)	\$ 1,007,626.13
Bonds	(33.30%)	18,416,286.39
Mortgage Loans ...	(37.59%)	20,789,923.82
Policy Loans and Liens	(15.90%)	8,794,686.41
Home Office	(.78%)	430,187.81
Real Estate Sold on Contract	(1.11%)	615,852.95
Other Real Estate..	(6.70%)	3,702,176.37
Due and Accrued Interest	(.94%)	519,745.35
Due and Deferred Premiums		
Other Assets	(1.86%)	1,025,859.97
TOTAL ASSETS ...	(100.00%)	\$55,302,345.20

LIABILITIES

Policy Reserve	\$50,271,434.00
Policy Funds	981,844.05
Policy Claims	246,081.00
Reserve for Taxes.....	194,794.67
Interest and Premiums Paid in Advance	385,257.83
Dividends to Policyholders....	216,094.78
All Other Liabilities.....	203,520.15
Total Liabilities	\$52,499,026.48
Excess Protection to Policyholders	2,803,318.72
TOTAL	\$55,302,345.20

A Twenty-Year Comparison

GROWTH IN ASSETS

December 31, 1920.....	\$ 2,518,483.92
December 31, 1930.....	13,890,812.34
December 31, 1940.....	55,302,345.20

GROWTH IN INSURANCE IN FORCE

December 31, 1920.....	\$ 30,502,301.00
December 31, 1930.....	85,120,791.00
December 31, 1940.....	216,644,428.00

The Ohio National Life Insurance Company

T. W. APPLEBY, *President*



THE OHIO NATIONAL

LIFE INSURANCE CO.

Tells About Mutual Legal Reserve Plan

Bankers Life President Gives Insured Full Details of Operations

DES MOINES—G. S. Nollen, president of Bankers Life of Iowa, departed from established custom in his annual message to policyholders by giving them a detailed explanation of the operations of a mutual legal reserve life company. In language understandable to them, Mr. Nollen tells how policyholders receive benefits each year at actual net cost, how policy premiums are calculated, and the various factors which enter into life insurance cost.

Pointing out the vital importance of company personnel, Mr. Nollen's message cites the Bankers Life program of building it adequately.

"A life insurance company needs an able investment department composed of men who are experts in the various investment fields which the company covers; it needs experts in the actuarial field, mathematicians schooled in the science of life insurance; experts in the medical field, professional men versed in the science of life insurance underwriting; experts in the legal field, lawyers who have a thorough knowledge of life insurance law; experts in the organization management field, men versed in the science of organization management; and experts in the field of salesmanship, including a sales force composed of men trained to act as life insurance counsellors for the benefit of the company's existing policyowners and prospective policyowners.

"The excellence of your company's existing personnel in all of those fields is due to a careful building process throughout the past years. The perpetual introduction of new blood into an enterprise is imperative to its growth and future soundness. During recent years, we have made a special point of giving definite instruction to the company personnel. This has included the development of a comprehensive sales course for fieldmen. We are endeavoring to build a field force composed wholly of salesmen worthy to be recognized as life insurance counsellors. This is not a process of rapid building, but we believe it to be a process which builds more firmly for the future. We are interested in quality of service as a matter of first consideration."

Condemns Life Counsellors, Upholds Agency Systems

Constructive criticism of insurance companies and advice to policyholders are included in George E. Sokolsky's latest article in "Liberty," on "What is Your Life Insurance Policy Worth?"

Sokolsky drew the fire of insurance men recently when he implied that fire insurance policies, as written, often made it hard for the insured to obtain a fair settlement of claims.

Treating of life insurance, Mr. Sokolsky tells policyholders they don't need an insurance counsellor to help them, particularly the kind who advises changing from one kind of policy to another and charges a fee for his services. "The best way to straighten out your insurance tangles is to deal directly with the insurance company," he writes. "Being big and bureaucratic, they are often slow on the uptake. But you'll get somewhere with them without losing your money."

Sokolsky says that one of the principal criticisms of the insurers is that they pay agents too much and have too many of them. If no agents are used, he said, the volume of business always is small. And he doubts whether any other system of policy distribution is any good.

He points to the cash values of poli-

Pink Denies Hearing Occidental Rally in New Orleans Feb. 16

NEW YORK—Expressing belief that a hearing conducted by the New York department on activities of the "Peoples Committee to Defend Life Insurance and Savings" would serve no useful purpose, Superintendent Pink has denied the request from the committee's executive secretary, Robert E. Smith of New York. The request followed criticism of committee activities in the presidential campaign, in Mr. Pink's report to the legislature. Mr. Pink's letter follows:

"I have received your request for a hearing in connection with our report on insurance and politics.

"In my report I stated that this department has no jurisdiction over your committee and made no recommendation for any action against it or any of its members. The only reference to your committee was in the report of the examiner. We have the same right to criticize the acts of your committee that you have to criticize our report. We are concerned with the actions of insurance companies under our jurisdiction and with their responsible officials. Apparently your committee had no close connection with our insurance companies and was not supported by them.

"It would seem to me that whether your committee is worthy of support is a matter for the public rather than for this department to decide. A hearing could serve no useful purpose and the request is therefore denied."

Mr. Smith said he had just received Mr. Pink's letter and for the present preferred to reserve comment.

Joins "Weekly Underwriter"

E. M. Ackerman has resigned as eastern advertising manager of the "Insurance Field" to become life insurance editor of the "Weekly Underwriter."

Mr. Ackerman is one of the best known men in the field of insurance journalism. He started in 1914 with the New York "Journal of Commerce" and after serving in the war went with the Chicago "Journal of Commerce" and became its first insurance editor. In 1925, he went with the "Insurance Field" in Chicago and in 1930 became executive secretary of the Insurance Federation of Illinois and manager of the Illinois Association of Insurance Agents. He returned to the "Insurance Field" in 1934 as associate editor and later became advertising manager in the east.

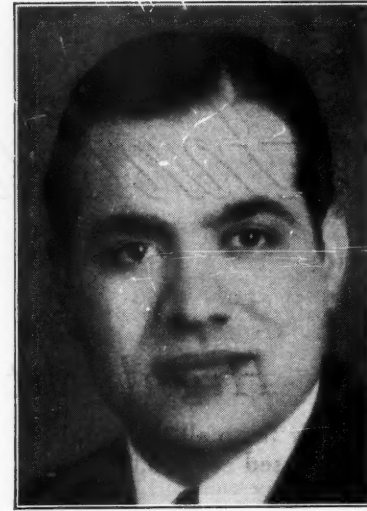
Conn. Congress Set for March 21

HARTFORD—The Connecticut sales congress will be held March 21 at New Haven. Robert Mix, general agent State Mutual Life at New Haven, is chairman of local arrangements.

cies which sometimes prove to be the only form of savings some policyholders can draw upon. He cites the importance of keeping insurance funds secure, and says policyholders must be prepared to pay for such security. The American Experience table gives the policyholder a greater margin of safety. The use of a more modern table, it was said, probably would not cut the net cost of insurance.

Sokolsky gives prospective policyholders seven suggestions which, properly qualified, will be endorsed by insurance men. These are: (1) Don't overinsure. (2) Avoid complicated policies which are expensive. (3) Don't kid yourself about how much the policy is worth. (4) Don't let anyone fool you into cashing a policy for the purpose of getting a cheaper one. (5) If you don't understand your policy, demand a clear explanation from the company. (6) Don't change your beneficiary without reserving your right to change again. (7) Remember if you borrow on the policy, you're reducing your family's protection.

LOS ANGELES—Frank J. Longo of the home office general agency of the Occidental Life for the third con-



FRANK J. LONGO

secutive time won highest honors in the company's two top production clubs, Los Conquistadores and Leading Producers Club, which will meet in New Orleans Feb. 16. Mr. Longo led the entire field force in premium production for the 18-month qualification period. He joined the Occidental home office agency in 1926 and immediately started winning production honors.

Production leaders from Shanghai to Montreal will participate in the New Orleans convention. One of the program headlines will be P. M. Anderson, general agent for China, who is now on the final leg of his long journey from Shanghai. In his last appearance before the Los Conquistadores Club, at Lake Tahoe, Calif., in 1936, Mr. Anderson highlighted the program with a vivid description of the life insurance business in the far east. He and an agency colleague occupied the first two positions on the company honor roll for 1940 paid premiums.

R. H. S. Brilliande will represent Occidental's Hawaiian agency, which ranked third among all company units in premium income for 1940. He ranked second among all company men in 1940 paid volume.

R. H. Belknap, director of agencies, will meet with Canadian production leaders for a pre-convention session at London, Ont., at the Canadian head office. A delegation from the Dominion will then proceed to the main convention at New Orleans. A special train will carry the west coast contingent from Los Angeles to New Orleans.

Human Touches in Report

Equitable Life of Iowa has got out a booklet covering its annual statement that is in most attractive style. It is illustrated with charts and sketches that make graphic the nature of the operations. There is a message from President Hubbell bringing out many points in the statement and putting insurance features into understandable language. There is a statement as to the source of income and the various disbursements are shown in detail. Then the balance sheet is shown with some artistic touches. It is an excellent humanized treatment.

Lamp for Yetka, Roses for Johnson

ST. PAUL—Employees of the Minnesota department presented Frank Yetka, retiring commissioner, with a handsome floor lamp. A large vase of flowers was their gift to the incoming commissioner, Newell R. Johnson.

Los Angeles C. L. U. Calls for Change in Compensation

Four conclusions on the question of compensation and pensions for agents were reached in a poll by questionnaire of members of the Los Angeles C.L.U. chapter. A more comprehensive state examination before issuing a new life agent's license was almost unanimously favored. There was strong sentiment against reduction of first year commissions, even though early renewals should be increased.

Members overwhelmingly voted for placing agents under the benefits of the U. S. social security act, but were emphatic in their belief the life companies should supplement these benefits with some contributory pension plan.

Thoughts on Pension Plan

By unanimous vote, the chapter favored a plan under which credit toward a pension program after a reasonable number of years would be vested in the agent as fully earned compensation, and subject to adjustment as to amount, the company pensions should be arranged so income would commence prior to age 65.

The poll was taken by a special committee on revision of compensation and pensions headed by Walter Westcott, Equitable Society, chairman.

It was the general belief that, to create the desired prestige for life agents, it is essential all methods of selection, training and supervision be radically and continuously improved; also, that drastic measures be taken to eliminate unfit agents and part-timers in areas adequately served by full time agents. Such steps, it was felt, inevitably and with reasonable rapidity would raise the type of life insurance representation and service rendered.

Favor Fee for Service

The committee reported some adjustment of renewal commissions should be made which would result in all policyholders having a competent interested service agent—the individual who wrote the case, or if he were not available, a competent agent assigned to the policyholder to whom a service fee would be paid so long as the policy was on a premium paying basis. The committee felt the agent's vested rights in his renewals should not be eliminated unless in exchange therefor some substantial benefit is made available to him.

There was no attempt to develop a plan, but only to determine the desire of a representative group of field men. The committee said technical details should be left to actuaries and other company officials.

"The one thought 'above all others with which there was complete agreement,' the committee concluded, 'was that there must be a change in method of compensation which, without reducing the income of active agents from first year business, would result in a more even income during active years in the field and terminating in an adequate pension in later life.'"

Seattle Company to Push A. & H.

E. F. Peithman has been placed in charge of the A. & H. department of Northwestern Life & Accident of Seattle. This company, while writing life insurance principally, will become more active in the A. & H. field.

Mr. Peithman was formerly claim man for Mutual Benefit H. & A., working out of the Harry Coffey agency at Portland, Ore.

Aller Nebraska Examiner

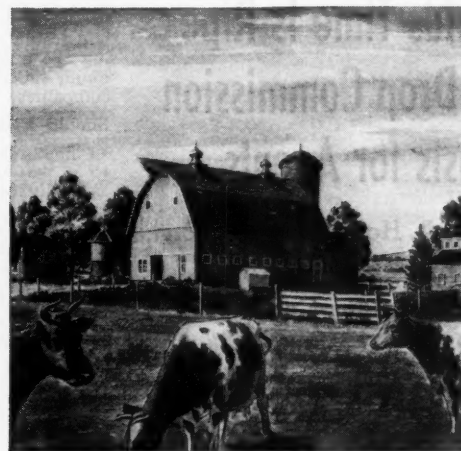
C. E. Aller, Omaha, who has been representing the Monarch Life, has been appointed examiner of the Nebraska insurance department. He is a graduate of Doane college and later was superintendent of schools at Western, Neb.



Home ownership is aided by life insurance dollars invested in first mortgages on private dwellings



Life insurance dollars invested in utility bonds help bring light and power to factories, homes, streets, schools and public buildings



Farmers benefit from life insurance funds invested in first mortgages on farms

How your Life Insurance money works

PERHAPS YOU HAVE WONDERED what a life insurance company does with the money you pay as premiums on your policy.

Maybe you have thought of this money as being put away under lock and key. But, actually, that part of it known as reserves, which is not needed for current claims and expenses, is invested with other funds for the benefit of policyholders. If this were not the case, your life insurance premiums would be higher because, when the Company calculates your premiums, it assumes that the reserves will be invested to produce a stated rate of interest. The reserves must be increased by this rate of interest each year the policy is in force.

►Therefore, the money representing such reserves is put to work in many forms of human endeavor and in all parts of the United States and Canada.

And if you could take a trip from coast to coast, you would see public schools, hydroelectric plants, farms, homes, office buildings, dams, sewer systems,

hospitals, and highways in which life insurance funds have played an important part.

Life insurance dollars, invested in federal and municipal bonds, for instance, are busily at work all over the United States and Canada, helping to finance new bridges, better roads, modern school buildings, and a host of other public improvements.

►On your trip, you would see also private homes, apartments, stores, and office buildings that Metropolitan Life insurance dollars, invested in bonds and first mortgages, have helped to build.

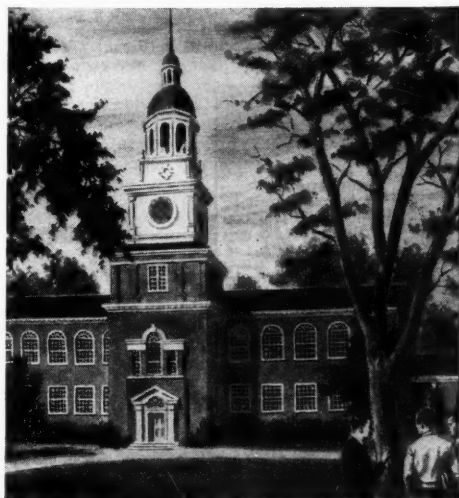
Other life insurance dollars, invested in farm mortgages, are helping farmers to buy their farms, keep farm buildings in proper repair, purchase needed machinery, protect the fertility of the soil, and produce better crops.

Metropolitan has other dollars invested in the basic securities of railroads that serve the public. This money is at work helping to provide new equipment and to move the raw materials that keep

factories humming, men in jobs.

►Other millions of dollars of policyholders' money are invested in plants that help provide light and power for homes, farms, and businesses. Still other millions are at work helping industrial concerns to build better mills, lighter, cleaner, safer manufacturing plants, make better products, and to establish new industries.

Of course, your primary interest in life insurance company investments is to know that they are in sound securities and that they earn the interest which, as previously explained, helps to keep your premiums lower than they otherwise would be. You are also interested in having the Company earn the highest rate of interest consistent with security of principal, for any interest earned in excess of the rate assumed as the basis for the premium may further reduce the cost of your life insurance through dividends. In the meantime, your life insurance dollars are also playing an important part in the social and economic structure of the nation.



Life insurance dollars invested in federal, state and municipal bonds help bring you better schools, roads and public improvements of all sorts



Better living conditions are fostered by life insurance dollars invested in first mortgages on modern apartments

COPYRIGHT 1941—METROPOLITAN LIFE INSURANCE COMPANY

This is Number 34 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD

Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



THIS IS THE THIRTY-FOURTH in Metropolitan's series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. It appears in: *Collier's*, Feb. 1; *Saturday Evening Post*, Feb. 15;

Business Week, Feb. 1; *Time*, Feb. 3; *American Weekly*, Feb. 2; *This Week*, Feb. 9; *Forbes*, Feb. 1; *United States News*, Feb. 7; *Cosmopolitan*, Mar.; *Nation's Business*, Feb.; *Fortune*, Feb.; *Newsweek*, Feb. 3; *American Mercury*, Feb.

Holds Time Is Ripe to Drop Commission Basis for Agents

H. A. Hopf, Authority on Compensation, Urges Salary-Plus-Contingent

NEW YORK—While the proposed new basis for agents' compensation has the merit of calling attention to the problem in a constructive way, yet, if adopted, it could improve the situation but slightly, for it retains the fallacious principle of making compensation directly proportional to premiums, according to Harry A. Hopf, senior partner of H. A. Hopf & Co., management engineers.

Mr. Hopf, internationally recognized as an authority on management problems, is consultant to many large corporations, including life companies, and was adviser to the Social Security Board and the Railroad Retirement Administration. Because of his intensive studies in the devising of compensation plans aimed at maximum efficiency and because of the desire of the framers of the proposed compensation cases for constructive suggestions, THE NATIONAL UNDERWRITER sought Mr. Hopf's views.

Why Proposal Is Not a Cure

As a result of his investigations in life insurance and other selling fields, Mr. Hopf is convinced that any plan which continues to make compensation directly proportional to premiums is only nibbling at the compensation problem and not really curing it, an opinion that will not endear him to established producers in the upper brackets. In this connection it should be noted that Mr. Hopf does not favor a revolutionary change. What he proposes, and has favored for some time, is a basic salary plus additional compensation for meritorious work in harmony with predetermined standards. This would not have to apply to all agents immediately and if some of the established agents preferred to remain on the present commission basis it would not be fatal to the successful working out of the plan.

From the point of view of efficient management the commission form of compensation or the modification proposed cannot be justified on any basis, Mr. Hopf holds. The new basis, he pointed out, is just a change in emphasis and is not fundamental.

Puts Urge on Volume

"Any commission, however graded, puts a premium on the urge to write volume and the endeavor to further selfish interest, which often are not identical with those of the company," said Mr. Hopf. "The interest of the company and of the policyholders lies in a low acquisition cost, high persistency and good mortality."

"In my judgment you cannot obtain those objectives by any commission form of payment. A primary objective of any company must be the lowest cost to policyholders. A compensation system which keeps the cost of new business directly proportional to the volume of new premiums holds out little hope of attaining the objective of low-ered unit cost."

"What makes the life companies think that they can't be as successful in selecting agents on a salary basis as in selecting office employees? Or do they fear that they cannot select successfully and therefore want the burden to rest on the agent and his supervisors? The moment companies put their men on salaries they will have a greater

urge to select business that they think is worthy of acceptance. No doubt it will result, with proper training, in raising the quality and reducing to a minimum the foisting of bad risks on the companies.

Should Reduce Not-Takens

"The salaried representative will see to it that only such risks are selected as really can afford to pay the premiums. This will result in a decreased percentage of not-taken business and a better record of persistency. But persistency cannot be achieved in this manner alone. The relationship does not end when the sale is made. It only begins, and should be kept alive on a constructive level by constant allocation of time to the cultivation of existing business. This will pay golden dividends because it is much more expensive to replace lapsed or surrendered policies than to prevent them from becoming lapsed or surrendered."

"As an integral part of any compensation plan that would appeal on its economic aspect, there would have to be provision for adjustment of the agent's salary in line with the profitability of the business he is responsible for developing and keeping on the books. I appreciate that under present laws contingent extra compensation plans might face difficulties from insurance departments but these laws were modified once before and can be modified again provided it can be demonstrated that such modifications are in the interest of policyholders, in other words, that they are in the interest of more effective management."

Must Keep Factors in Balance

"I don't wish to speak of a ceiling on the market for life insurance, though there is evidence that in some companies I have studied it is becoming more and more difficult to add to the insurance in force. But any company that will turn its face away from volume and inordinate cost of acquisition of new business to a sensible goal of keeping all factors in balance so as to produce most economical results for policyholders will find it much to its advantage to consider a fundamental change in the method of compensating its agents. It is known to every agency officer that a disproportionate amount of his time must be spent in supervising the less productive agencies in an endeavor to make them more profitable."

"Under a scientific budget plan the amount of new business that each company can afford to write each year may be accurately determined. The first question is through what productive field unit shall this business be obtained? Through those that are always on the margin of difficulty as evidenced by indebtedness to the company and sporadic production, or through those that have established records of stable production at economical cost? It seems to me the answer is obvious."

Optimum Size Held Important

"Pervading the entire problem is the question of the optimum size of field organization, which can only be exceeded at the cost of diminishing returns; optimum size of the company as a whole, represents the broader aspect of this question, for when this size is violated diminishing returns are bound to ensue. This fact may be mathematically demonstrated on the basis of studies covering many years which deal with the effectiveness of life insurance management. That the method of compensating agents has a vital relationship to this question will be recognized by anyone who will take the trouble to examine the results of the researches that have been undertaken."

Mr. Hopf emphasized that the long-run goal of life insurance management should be the attainment of a change in method rather than in degree of agents' compensation. He said that it is because he believes so firmly in the need of such a change that he regretted that the committee on compensation could not extend its studies to include con-

(CONTINUED ON LAST PAGE)



Study and Get Ready

The boy Lincoln never asked for short cuts and easy comforts in his efforts to gain his education.

A shingle was his slate—charcoal his pencil, but by sticking to his studies he learned to sum and spell.

Such an example is timely for all who would serve faithfully and well in the field of life insurance.

Present and prospective clients like to deal with an agent who knows his business.



The Prudential
Insurance Company of America
Home Office, NEWARK, N. J.

Gains Predominate in Reports

(CONTINUED FROM PAGE 5)

American citizens traveling abroad, one losing his life when the "Athenia" was sunk and the other in an airplane in Finland.

Underwriting practices have been liberalized for patrons of transport planes to include no limits in coverage or extra premiums.

Despite diminishing interest rates on invested assets, favorable mortality and economy in management have justified an allotment of \$33,400,000 for distribution in 1941. Total salary cost amounted to but 73 cents per \$1,000 in force.

A special statement booklet for policyholders presents interesting background on company operations.

MASSACHUSETTS MUTUAL LIFE

Policyholders and their beneficiaries received a daily average of almost \$131,500 from Massachusetts Mutual Life in 1940, according to the annual report.

Of total benefit payments, \$47,994,621, living policyholders received \$30,593,720 including dividends while \$17,400,901 was paid out in death claims. In addition, \$13,750,352 consisting of income payments and dividend accumulations, was paid from funds left with the company. Since its organization in 1851, it has paid over \$936,000,000 to policyholders and beneficiaries.

Insurance in force was \$1,989,685,982, representing 520,290 policies, and there were 12,466 annuity contracts under which \$3,885,018 is being paid annually, plus 27,056 contracts under which annual incomes aggregating \$14,610,000 will be paid in the future.

During the year, 30,752 new policies for \$126,452,377 were written. Almost 40 percent of these were on former policyholders. New annuity contracts numbered 2,011 and provide annual payments in excess of \$850,000.

Total receipts were \$121,986,617 with disbursements of \$83,279,468.

Assets were \$724,294,035.

Of each \$100 of premium income received in 1940, \$14.65 was required for operating expense, compared with \$15.72 in 1939.

Mortality was lower than in any year since 1928. Organic heart and circulatory diseases accounted for more than one-third of deaths.

Noting the decline in the net rate of interest earned in recent years, the statement shows net return of 3.60 percent on total invested funds for 1940, against 5.39 percent in 1928.

Had the company enjoyed the same rate of interest return in 1940 that it did in 1928 there would have been available for benefit of policyholders some \$12,000,000 additional, President Perry commented.

"Whatever may be said for the political aspect of low interest rates, the fact remains that the savings bank depositor, the life insurance policyholder and, in general the 'non-speculative' investor, bear the brunt of the load. Savings earn less and life insurance costs more under such conditions, and the achievement of financial independence is made more difficult for the average citizen," he declared.

PENN MUTUAL LIFE

Penn Mutual Life enjoyed satisfactory increases during 1940 in new business, insurance in force, and total assets.

The 43,184 new policies paid for totaled \$145,990,841, an increase of 4 percent over 1939.

Insurance in force was \$1,996,757,014, a gain of a little more than 27 millions, as compared with a gain of slightly more than 17 1/4 millions in the previous year. The ratio of terminated business, including all lapses and surrenders, was lower in 1940 than in any of the past 20 years.

Penn Mutual paid \$56,832,575 to pol-

icyholders and beneficiaries. Such payments since organization totaled \$1,315,524,665.

Assets were \$772,564,413, an increase of \$36,300,000. There was an increase of \$1,992,000 in surplus, which now amounts to \$32,936,935.

UNION CENTRAL LIFE

During 1940, assets of Union Central Life passed the four-hundred million mark for the first time in history. A

gain of \$16,907,174 for the year, increased total assets to \$413,679,712.

Gains were reported also in many other points. Increases both in life insurance in force and annuities in force were made. Business in force amounts to \$1,326,407,897, of which \$1,130,028,693 is life insurance and \$196,379,204 annuities. New business during 1940 totaled \$90,677,092, of which \$67,761,117 was life insurance and \$22,915,975 annuities.

Income exceeded disbursements by \$18,043,543.

Payments to policyholders and beneficiaries totaled \$38,152,168, bringing the

total so paid since organization in 1867 to \$886,173,848.

Insurance reserves increased \$12,619,422 and now total \$335,203,897.

President W. H. Cox pointed out that at present Union Central is attaching war clauses only to new policies on applicants where actual military service is involved, or where there is a probability of travel in dangerous localities. He stated that if the situation should become more acute, it might become necessary to broaden the use of war clauses.

During the year, close attention was given to the new business, in order to see if there was a class of applicants

35th Annual Statement

THE OHIO STATE LIFE INSURANCE COMPANY

COLUMBUS, OHIO

FINANCIAL CONDITION, DECEMBER 31ST, 1940

OUR RESOURCES

Bonds	\$ 7,592,329.00
Cash on Hand	976,490.07
First Mortgage Loans	8,672,902.91
Real Estate Sold on Land Contract	286,689.96
Other Real Estate (including Home Office)	1,507,616.59
Loans to Policyholders	2,812,642.18
Premium Notes	58,872.08
Accrued Interest (None past due)	110,761.64
Premiums in Course of Collection	443,837.44
Total Resources	\$22,462,141.87

OUR LIABILITIES

Policy Reserves	\$19,151,308.97
Death Claims Due and Unpaid	None
Claims Awaiting Completion	57,291.76
Premiums and Interest Paid in Advance	271,107.88
Dividends to Credit of Policyholders	475,716.48
Dividends to Policyholders for 1941	155,000.00
Reserves for Taxes Payable in 1941	65,600.00
Miscellaneous Liabilities	21,232.30
Total Liabilities	\$20,197,257.39

EXCESS PROTECTION TO POLICYHOLDERS

Capital Stock	\$1,000,000.00
Contingency Funds	464,884.48
Surplus	800,000.00
Total	\$22,462,141.87

Insurance in Force, Assets, Surplus and Income Greatest in the Company's History.

The Quality of the Assets and Their Ratio to Liabilities Make This One of the Outstanding Life Insurance Companies Upon Any Basis of Comparison

CLARIS ADAMS
President

FRANK L. BARNES
Vice-President

JOSEPH K. BYE
Secretary

LIFE — HEALTH — ACCIDENT INSURANCE

seeking insurance primarily on account of some suspected war hazard. No evidence of this was found.

Bond holdings increased \$24,702,785 and total \$152,090,907. Farm properties owned outright total \$52,886,023, \$1,747,420 less than last year, and farm properties sold under contract amounted to \$15,790,996, \$2,295,748 more than last year. Policy loans are \$53,985,121 and cash \$10,896,130. Home office buildings are carried at \$6,202,866. During the past 10 years the company has charged off \$11,700,734 real estate. In 1940, farm properties carried at \$8,712,038 were sold for \$8,807,520. Farm and mortgage accounts total \$11,419,483. Delinquent interest on this amount was less than .4 percent. Capital stands at \$2,500,000 and net surplus \$8,642,211. A \$200,000 reserve for mortgage loans is carried.

Receipts amounted to \$69,090,696, of which \$40,240,151 is represented by premium and annuity deposits, and disbursements were \$51,047,152. Policyholders and beneficiaries were paid \$38,152,168 during the year, bringing the total to \$886,173,848.

WESTERN & SOUTHERN LIFE

Assets of Western & Southern Life were \$188,750,861, an increase in 1940 of \$7,855,807. Insurance in force increased \$54,879,062 for a total of \$993,552,639. More than 75 percent of the company's assets were in government bonds and mortgages.

BANKERS LIFE OF IOWA

Bankers Life of Des Moines paid policyowners and beneficiaries \$18,496,480 in 1940, which included \$7,044,271 to policyowners, \$7,942,573 to beneficiaries, and \$3,509,636 in dividends.

Assets increased \$11,429,293 to \$251,508,742, and \$725,323 was added to surplus of safety fund, which now amounts to more than \$14,500,000. Premium income was \$24,024,238. Life insurance in force was \$762,909,932, a gain of approximately \$6,000,000. New life insurance, exclusive of annuities, was \$56,710,378, a substantial increase over the total for 1939.

The company reduced its farm holdings by more than 24 percent and sold more than 81 percent of all farms acquired in Iowa to farm buyers.

Organic heart disease was the chief cause of death among policyholders, accounting for 39.5 percent of death claims, and an increase of 2.3 percent over 1939, nearly 5 percent over 1938. Deaths from cancer accounted for 11 percent of death losses, a slight decrease. Deaths from cerebral hemorrhage were up slightly and deaths from pneumonia, tuberculosis, and other respiratory diseases were down.

KANSAS CITY LIFE

Kansas City Life's assets increased about \$5,000,000 to an all time high of \$117,308,405, and insurance in force gained to a total of \$455,159,138.

After increasing reserves to policyholders \$4,301,020, paying policy obligations of \$8,329,593, and all other expenses, the company increased unassigned surplus \$184,324 to over \$6,250,000, and declared its regular semi-annual dividend of \$8 a share.

Assets include cash nearly \$1,750,000, over \$27,000,000 in U. S. government bonds and over \$25,000,000 in state, county, municipal, school and other bonds; mortgage loans on farms over \$13,000,000, on city property over \$7,250,000 and FHA loans on city property over \$7,750,000.

Legal reserves are over \$107,000,000; capital \$1,000,000.

WASHINGTON NATIONAL

Washington National showed increases in production, premium income, and total insurance in force in 1940. Assets were \$46,922,173, an all time high. Excess security to policy owners increased from \$3,263,832 to \$4,017,240. Total life insurance in force reached a record figure of \$225,392,617.

Percentage of assets represented by cash was 10.13, U. S. government bonds

27.55, FHA mortgage loans 22.31 plus other mortgage loans of 8.81, and policy loans of 4.87. Capital is \$2,000,000 and surplus \$2,017,240.

Washington National is celebrating its 30th year in business, its anniversary coming Nov. 6, 1941.

MIDLAND MUTUAL LIFE

In the last eleven years of unsettled business conditions, the Midland Mutual has paid out to policyholders and beneficiaries of policyholders a total of approximately \$28,000,000 and held as of December 31, 1940, reserves for the completion of contracts in force of approximately \$26,500,000.

The growth of the company continues. The accumulative effect of the company's organization through thirty-five years under review is seen in the fact that at the end of the year there were policies in force totalling \$122,603,410 of insurance. New insurance in 1940 was 14.8 percent greater than in 1939, and increase of insurance in force was \$5,046,701. Persistency in 1940 was excellent.

Premium income increased 4.72 percent. Income from all sources amounted to \$6,065,927.63. Surplus increased to \$2,644,020.09. Increase from investments was 5.17 percent; total income from all sources increased 3.13 percent.

The net payments for death claims showed a decrease of 16.89 percent. Organic diseases of the heart continued to claim an increased number of lives. More than 33 percent of total deaths resulted from this cause. Of policies that became claims in 1940, 11 had been in force less than one year and six in force more than 30 years. Endowments matured numbered 264. The amount paid to beneficiaries and living policyholders was \$2,254,655.

Assets also increased to a new high of \$33,563,421, an increase of 6.68 percent.

PILOT LIFE

An all-time high in insurance in force, assets, gain in assets, premium income and service to policyholders and beneficiaries was attained in 1940 by Pilot Life.

Insurance in force is \$146,642,047, a gain of \$9,075,957, or 27 percent more than the gain for 1939. Assets increased by \$1,821,946 or over 10 percent, to \$23,127,621. Total payments to policyholders and beneficiaries in 1940 were \$1,611,546, making total payments since organization in 1903 of \$30,950,490. Dividends to policyholders showed a 15 percent increase in 1940. Directors declared a 5 percent bonus to all home office employees on 1940 salaries.

Surplus and contingency reserve increased by \$101,147.72, while policy loans and liens were reduced by \$67,000.

The company showed a gain of insurance every month during the year, while persistency showed a marked improvement. The 1940 average size policy was approximately 40 percent larger than the 1939.

Mortality experience was good and the company maintained its interest rate of 4.6 percent on mean invested assets. Increase in premium and investment income was more than \$325,000.

WISCONSIN LIFE

Wisconsin Life reports \$6,381,108 assets. Public utility holdings and bonds total \$1,124,006, industrial bonds \$424,654, municipal bonds \$468,353, Canadian government bonds \$347,067, U. S. bonds \$236,370. Loans to policyholders total \$832,657. Legal reserves total \$5,555,441, dividends apportioned to policyholders including those on deposit \$440,455. There is a \$264,084 contingency reserve. Premium income in 1940 was \$1,140,756 compared to \$983,132 in 1939. Assets have nearly doubled in the last 10 years.

PEOPLES LIFE OF INDIANA

Peoples Life of Frankfort, Ind., in its annual statement, shows assets of \$10,950,719, increase \$613,651. Policy reserve is \$9,304,942, capital is \$300,000

QUIZ AD No. 6

QUERY: What life insurance company has a definite plan for developing district and general agents from the smaller cities and towns?

COMMENT: Many men in prominent agencies are proud to admit they were once "country boys." Many future greats in insurance are working today in rural and semi-rural territory.

Continental Assurance has a plan . . . so that experience gained in home communities leads to future opportunities in larger spheres.

Continental
ASSURANCE COMPANY
CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL CASUALTY COMPANY
TRANSPORTATION INSURANCE COMPANY

and net surplus \$400,000. Insurance in force is at an all time high of \$54,250,684, a gain for the year of more than \$1,000,000. The mortgage loans reached a new high as did the bond account. Policy loans are normal and real estate was reduced almost \$100,000. President E. O. Burget states that the agency force is being improved and more and better business is being secured.

GUARANTEE MUTUAL LIFE

Guarantee Mutual Life of Omaha in its new statement reports assets of \$25,238,437. Legal reserve amounts to \$20,199,349, contingency reserve \$1,000,000 and net surplus \$1,794,123.

Guarantee Mutual in 1940 paid policyholders and beneficiaries \$1,917,354, bringing the total so paid since organization to \$37,694,111. New business amounted to \$14,615,307 and insurance in force stands at \$139,287,598.

Assets of Guarantee Mutual increased \$1,838,034. Income exceeded disbursements by \$1,751,221, surplus increased \$216,049.

OLD LINE LIFE

Old Line Life of Milwaukee has prepared its balance sheet and statement of operations in revealing style. There are presented the ledger assets as at Dec. 31, 1939, and then there is shown the total cash income for the year followed by a breakdown as to sources of that income. Then there is shown the breakdown of cash operating disbursements and payments to shareholders. The ledger assets at Dec. 31, 1940, are then analyzed in complete balance sheet form.

The assets are now \$23,440,201, an increase of \$811,603. Capital remains at \$1,000,000. There is unassigned surplus of \$737,815 and for general contingencies and fluctuation in assets \$449,967.

Insurance in force amounted to \$82,607,855, a gain of \$2,250,816. Accident and health income was \$447,383 or 64 percent in excess of 1939. Payments to policyholders and beneficiaries were \$2,155,154. Total payments since organization are \$24,816,995.

LUTHERAN MUTUAL LIFE

Assets of Lutheran Mutual Life were \$12,263,493, compared with \$10,630,361 in 1939. Insurance in force increased from \$63,619,349 to \$69,670,020. Of assets 55.5 percent were in mortgage loans, 24.4 in bonds, 1.6 in real estate and 5.9 in policy loans. Policy reserves stood at \$9,592,415, dividends apportioned for 1941 were \$450,000, reserves for contingencies were \$516,454, and unassigned surplus was \$694,160. Total income was \$2,800,434.

Both interest earnings and mortality were down. The mortality experience in 1940 was 24.88, compared with 28.80 in 1939, and 36.99 in 1936. There has been a steady decline in mortality since 1936. Interest earnings were 4.04 percent, down from 4.13 percent in 1939 and from 4.24 percent in 1936.

LOYAL PROTECTIVE LIFE

Loyal Protective Life is able to cite a uniform record of gains during 1940. It reports a gain in accident and health premiums of \$50,572, in life premiums of \$33,315, total premiums \$83,888, new paid for life insurance \$308,541, life insurance in force \$875,350, in investment income \$6,648, in assets \$178,572 and in surplus \$86,204.

There was a splendid improvement in the persistency rate. The management attributes the good showing for the year to the new line of five feature A. & H. policies.

VOLUNTEER STATE LIFE

The Volunteer State Life made substantial gains in all departments in 1940, with assets at a record mark of \$24,741,029.25. Ordinary life in force now totals \$101,475,000.

OCCIDENTAL LIFE, CALIFORNIA

Occidental Life of California increased its life insurance in force \$29,

196,786 in 1940, a gain of approximately 6 percent, bringing business in force to a new high of more than \$519,000,000. Including the figures from the accident and health and group departments, total premium income increased \$1,426,068, or more than 11 percent.

Assets increased \$7,535,180 to \$73,448,041, a gain of more than 11 percent. Surplus increased \$908,885 to \$3,035,256. Payments to policyholders totalled \$7,217,465, bringing the total since organization to \$66,840,248.

Important Rule on Single Premium

(CONTINUED FROM PAGE 3)

an individual, in dealing with estate taxes. The only recent ruling available on such policies provides that where proceeds are payable at maturity in 120 equal monthly instalments, instalments received constitute annuity payments and are so taxable in computing income taxes, irrespective of whether the policy granted an option to the insured to take the cash surrender value at maturity, but which option was not exercised.

C. H. Sprunger Commends Service Commission Plan

A letter from C. H. Sprunger, district representative of Indianapolis Life, Fort Wayne, says: "Kindly accept my sincere appreciation of your favorable comment on 'That 2 percent Service Commission' in your publication of Dec. 26, 1940.

"I agree with you and the president of a state association in regard to older men in this business, who perform services to old policyholders, their own and others, for which compensation is no longer paid.

"I have been in the life insurance business for 14 years with just one company, and although I write more than the average life insurance representative, I have arrived at the place where my renewals are no longer increasing, and where there is a constantly increasing amount of free service which my policyholders require. My lapse ratio is slightly less than 4 percent, indicating a lot of attention on over 1,000 policyholders. Each year I put more policyholders on my books and the more policyholders I have the greater is the amount of service required.

"I am in accord with anything you can do to awaken interest in this idea, as I firmly believe that this service commission will not only be of great service to the representative, but also to the policyholders and to the companies as a whole."

Sun Life Wins Tax Suit

FRANKFORT, KY.—Circuit Judge Ardery has held that the \$1,500,000 securities deposited in Kentucky by the Sun Life of Canada are not taxable by the state. He instructed counsel to draw judgment to that effect, thus dismissing the state revenue department's suit for approximately \$120,000 taxes.

Long Made Columbus Manager

L. L. Long, assistant manager of the Retail Credit in Philadelphia, has been made manager at Columbus, O. He was in newspaper work before joining the Scranton branch of Retail Credit in 1926. He was transferred to Philadelphia as assistant manager in 1928.

John Moyler, Jr., has been appointed an assistant supervisor of Life of Virginia, with headquarters in the home office, and will assist in the supervision of the weekly premium field. Entering the company's service in 1932 at the home office, he has served as agency auditor and as an assistant manager at Petersburg, Va.

53rd Annual Statement PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

Chattanooga—Since 1887—Tennessee

December 31, 1940

ASSETS

Cash in Banks.....	\$ 1,332,540.92	9.2%
U. S. Government Bonds.....	2,390,499.58	16.4%
State, County and Municipal Bonds....	1,673,526.93	11.5%
Railroad Bonds	308,373.33	2.1%
Public Utility Bonds.....	587,762.92	4.0%
Industrial and Miscellaneous Bonds.....	733,739.30	5.0%
Preferred or Guaranteed Stocks.....	335,693.75	2.3%
First Mortgage City Loans.....	4,080,169.70	28.0%
First Mortgage Farm Loans.....	45,901.42	0.3%
Policy Loans	1,123,902.79	7.7%
Life Premiums Deferred or in Course of Collection	414,649.00	2.9%
Home Office Building.....	611,179.81	4.2%
Real Estate	155,361.13	1.1%
Accident & Health Premiums in Course of Collection	719,130.47	4.9%
Interest Due and Accrued and Other Assets	63,280.01	0.4%
Total Assets	\$14,575,711.06	100.0%

LIABILITIES

Reserve Under Life Policies.....	\$ 6,443,674.60
Accident and Health Premium Reserve..	1,152,600.56
Accident and Health Claim Reserve...	1,463,728.32
Epidemic and Catastrophe Reserve....	1,023,839.37
Accident and Health Commission Reserve	108,222.21
Reserve for Taxes	277,924.55
Investment Fluctuation Reserve	394,458.56
Reserve for Other Liabilities.....	109,686.67
Total Liabilities	\$10,974,134.84

Capital Stock	\$1,750,000.00
General Surplus	1,250,000.00
Contingency Reserve ...	601,576.22

Surplus to Protect Policyholders.....\$ 3,601,576.22

TOTAL **\$14,575,711.06**

1940 FACTS

Life Insurance in Force.....	\$147,731,804.00
Gain in Life Insurance in Force.....	13,313,788.00
Accident and Health Premium Income.....	7,489,012.63
Gain in Accident and Health Premium Income..	1,222,198.22
Gain in Assets	1,866,347.72
Total Surplus to Protect Policyholders.....	3,601,576.22



**BENEFIT PAYMENTS TO POLICYHOLDERS AND DEPENDENTS
SINCE ORGANIZATION**

\$54,412,307.17

W. C. Cartinhour
Vice President and Secretary

Robert J. Maclellan
President

Notable Sales Congress Series Held in Texas

DALLAS—The annual three ring sales congress sponsored by the Texas Association of Life Underwriters in Houston, San Antonio and Dallas is always notable for its enthusiastic and large attendance and the high caliber of its speakers. Much credit is due to the four presidents, Jul B. Baumann, Pacific Mutual, Houston, of the Texas association, and to Jack Grantham, Jr., Southwestern Life, Houston; J. A. Monroe, Great National, Dallas, and J. N. Fletcher, Great Southern, San Antonio, and various committee chairmen for their able direction of the 1940 congress which attracted more than 1200 attendance.



J. B. Baumann

Life Insurance Stands Firm

Prof. W. B. Bailey, Travelers economist, said that too often people forget eternal virtues and enduring values. He

described life insurance as a rugged oak that stands firm and unshaken through life offering shelter to those in need of protection.



J. N. Fletcher

insure his family or himself in his old age.

Accumulating a safety fund through savings alone is a penny pinching process, which if successful through the 15 or 20 years required, leaves the possessor of the estate without the ability to enjoy the pleasures and privileges which such an estate makes possible.

Professor Bailey divided life insurance benefits into tangibles and intangibles. The tangible values are food for the widow and orphan, a decent dwelling, education for children, and a home for the aged. The intangible values are the joy and mental comfort that come to the man who has the assurance that his estate is established.

Can Buy Luxuries

Europeans feel that the American is a spendthrift and headed toward bankruptcy because of his new car, his new furniture, and other comforts and luxuries. These luxuries Mr. Bailey attributed to the miracle of life insurance which assures the father that he and his family may enjoy comforts and luxuries within the reach of the income without fear of not having an estate.

Professor Bailey is not worried over the possibility of inflation, as there is neither probability nor necessity for inflation. Inflation occurs when there is competitive bidding for the necessities and luxuries of life. This can only occur when incomes exceed the productive power of the industrial plants. This competitive bidding will always find a check in taxes of one type or another or the offering of investments to the people which the people must buy.

In some industries there is a mild form of inflation. For example, army housing needs in addition to the normal residential and business house building is now making a demand on the productive capacity of lumber mills which has raised the price of lumber to the consumer. This condition, he believes, will cease to exist after the completion of the army housing program.

If the productive capacity of the country in terms of usable goods would

remain at \$75,000,000,000 while the purchasing power should become \$100,000,000,000 then inflation would come. He does not believe this will ever be true in the United States because of the great power of expansion within the industrial field which is engaged in the production of the necessities and luxuries of life.

Should the government impose taxes amounting to \$18,000,000,000 or \$20,000,000,000 this country would still have a net income of \$80,000,000,000 or \$82,000,000,000. This condition will provide a sufficient income for the operation of government and still provide an adequate fund for the retirement of the national debt.

Actual participation in war may result in a necessary curtailment in the use of luxuries. Instead of buying an automobile each year, a person might be required to show cause why he needed a new automobile.

Motivation Is Needed

In answering "What Makes Them Buy?" John A. Witherspoon, Nashville general agent, John Hancock Mutual Life and vice-president National association, divided people into three groups: the 15 percent who lack purchasing power in terms of money, those composing the top 10 percent to whom the large policies are sold, and the 75 percent who are the buyers whom the life agent must regard as the market for his product and services.

Reason, understanding, knowledge and logic are not enough to cause the average man to buy life insurance. When a man who shows no interest in what the agent is saying, "Take that man back to the hospital hall where figures in white were flitting back and forth, while he smoked cigarette after cigarette, awaiting word from the girl who gave up her name and went down into the shadow of the valley that he might have a son." He will then talk about that wife and baby and that is all he needs to talk about to make a sale.

If people knew what life insurance is, they would knock agents down and take life insurance away from them, but because the people do not know what it is, the agent must be an educator as well as a salesman, Mr. Witherspoon declared.

Get People to Desire to Buy

After education comes motivation. However, surface motivation has no value. It must come from within and be sincere for worthwhile success.

"Buymanship" is a form of presentation which causes the prospect to insist on having the type and amount of life insurance which he desires to buy, R. B. Coolidge, superintendent of agencies, Aetna Life explained.

The degree of desire in the prospect's mind influences the sales and to intensify desire Mr. Coolidge said it is necessary to make the prospect dissatisfied, as people buy because they are upset or enduring discomfort because of the lack of the thing which they buy.

Mr. Coolidge described the program sales approach and presentation his company has adopted for securing attention and interest. The prospect is invited to name the amounts which he believes it is necessary to provide for the maintenance of his home, education of children, income for the wife and mother, and old age income for himself. He is asked if these amounts are the least possible. After he has replied that they are the absolute minimum, the agent seeks to get the man to reduce these amounts until the prospect becomes anxious to secure the amount finally determined, thus finishing the interview with the feeling that he has bought that which he desired and not with the thought that he has been overpersuaded.

"Make Them Think," Stanley E.



Texas sales congress speakers being greeted upon their arrival in Dallas after they had been presented with the famous Texas ten-gallon hats. Shown left to right are Ross Priddy, Dallas manager Southland Life and vice-president Texas Association of Life Underwriters, who was on hand to welcome the speakers; J. A. Witherspoon, Nashville general agent John Hancock Mutual Life and vice-president National association; and, standing one behind the other—top, Stanley E. Martin, Columbus, O., general agent State Mutual Life; R. B. Coolidge, superintendent of agencies Aetna Life, and Holgar J. Johnson, president Institute of Life Insurance.

Martin, Columbus, O., general agent State Mutual Life, declared in urging agents to present the story of life insurance clearly and simply so that the prospect sees the picture of what life insurance is and does.

Holgar J. Johnson, president Institute of Life Insurance, urged agents to strive to be realistic in this rapidly changing world. Present developments, stir the imagination and tend to cause people to lose the proper perspective.

Family Security at High Point

American family security has been increased during the past five years to a point exceeding that of any time in history, with life insurance the greatest single agency of protection through personal initiative, Mr. Johnson pointed out. The average family income has increased one-third, the average life insurance protection per family has increased by \$550, and the social security act has added a minimum subsistence base for a large part of the people.

Today every second family owns its own home; there is an automobile per family, countrywide; each family, on the average, has \$850 in the savings bank, and the average life insurance protection per family is nearly \$4,000. That is a security base such as no nation in the world has ever achieved.

In discussing inflation, Mr. Johnson pointed out that prices have never remained constant as to the value of the dollar or other standard of exchange. The important thing is to have enough dollars at any one time. Life insurance is the most effective means for providing the right amount of dollars through the normal shifting of the dollar value.

A dinner was held in Dallas honoring the speakers with R. B. Shields, president of the Life Managers Club, as chairman.

Saltonstall Federation Speaker

Governor Saltonstall will be the guest speaker at the annual meeting of the Insurance Federation of Massachusetts, Feb. 25. General Counsel John W. Downs will review proposed legislation, including the initiative petition of the State Federation of Labor for a monop-

olistic compensation fund. A. T. Bufinton of Fall River is president of the federation.

1940 ...
Our most
outstanding
year.



Amicable
Life Insurance Co.
Waco, Texas

Indianapolis Life Agents Convention

The central states agency convention of the Indianapolis Life in Indianapolis, brought together about 150 producers from Indiana, Illinois, Ohio, Iowa, Michigan and Minnesota. At the opening session, Friday afternoon, A. L. Porteus, vice-president, presided; E. F. Kepner, assistant secretary, led in community singing, and Mr. Kepner presented plan books.

A "Prospecting Panel" was led by Irving Palmer. Agents treating various subjects in the discussion were: Lyle Clark, Harry Fleenor, Reginald Sheppard, Everett McGriff, C. O. Martin, John Reynolds, Russell Farmer, E. H. Gould, Frank Smith, Jr.

A. H. Kahler, second vice-president and superintendent of agencies, presided the second day, the general topic being "Package Selling." Doyle Zaring, secretary, spoke on "Why Insurance Packages—and Their Place in Modern Selling." Others speaking were George Anawalt, Finck Dorman and Don Hart. On the subject, "Selling Packages That Stress Protection" speakers were Darwin Fuller, Hugh Shaw, W. E. Eickhoff, Tom O'Malley, Chicago, and M. K. Kennedy.

Following luncheon, other agents talked, including J. W. Schwab, H. B. Veazey, Al Bluhm, Jerry Wertheimer and J. D. Miller on the topic "Programming."

Production prizes were distributed. E. G. Driscoll talked on "Conservation." App-a-Week Club qualifiers and those who had attained the honor roll were honored by Doyle Zaring.

President Raub Tells Results

President E. B. Raub at the annual banquet discussed the annual statement in 1940. A gain of \$3,750,000 in insurance in force was made, and assets increased more than \$2,000,000. Surplus to policyholders increased substantially to \$1,363,435, and \$300,000 was put in the security fluctuation reserve. Net cash return on real estate owned after deducting all taxes, repairs and expenses was 2.9 percent. The largest mortgage loan made last year was \$25,000 and the average new mortgage loan was approximately \$4,000. Renewal and mortality experience were excellent.

Under direction of E. F. Kepner, assisted by Miss Frances Kelly, of the home office, 38 home office women put on a drill. Special guests were introduced including directors.

The Counselors' Club of leading producers will leave about Feb. 15 for Mexico on the biennial outing.

Walter Hanson Heads Ill. Insurance License Division

Walter Hanson has been appointed chief of the license division of the Illinois insurance department, replacing J. O. Brown. Mr. Hanson has been connected with the department 12 years, and has been in the license division. His father, Harry Hanson, was head of the Illinois department under Governor Emmerson and was succeeded by Ernest Palmer. Harry Hanson is now operating a stationer's store in Springfield.

J. O. Brown became very well known in the business. He studied the licensing situation closely and visited the departments in several other states to observe licensing procedures. He sponsored a bill to amend the licensing law at the 1939 legislature but this was defeated. On the day that Paul F. Jones became the new Illinois director, Mr. Brown released the draft of a proposed new licensing bill for Illinois. This was not introduced in the legislature but was intended as a basis for discussion. Apparently that proposal at present now lacks any official force because Mr.

Brown is no longer connected with the department.

Mr. Brown graduated from Knox College and from the University of Chicago law school in 1934. Then he went with the legislative reference bureau in Springfield as a bill drafter and in April, 1936, at the request of Mr. Palmer he was transferred to the insurance department license division.

Boyden and Kuhn Oppose Competitive Bidding Plan

WASHINGTON—Compulsory competitive bidding for securities would be harmful to the interests of small and medium sized investing institutions as well as to individual investors, W. N. Boyden, vice-president Continental Casualty and Continental Assurance, testified before the Securities & Exchange Commission in opposing its proposal.

Mr. Boyden stated that compulsory bidding would result in excessively high offering prices to the public; that it would make unavailable to small institutions and investors the better grade of new bond issues and that it destroyed the relationship between the borrower of capital and the investment banker.

Aids Long Range Planning

"Probably every well managed corporation has a long range program which involves long range planning. Surely a continuing relationship between a borrower and his investment banker should result in sounder advice and more constructive results for both borrower and investor than would occur if the borrower should be forced to sell his securities first to one dealer and then another as would necessarily take place with competitive bidding."

For the SEC to force competitive bidding would be inconsistent with its "real purpose" of protecting the investor, C. J. Kuhn, vice-president Firemen's of Newark, told the commission at its hearings.

It is "almost inconceivable" that anything but maximum prices would be paid under a system of compulsory bidding, "with all of its attendant disadvantages," he added. "The end result would be, of course, higher prices paid by the ultimate purchaser of those securities. The issuer is thus the beneficiary at the expense of the investor."

Penn Mutual Advances Three Men

Stanley F. Transue, leading producer of the home office agency of Penn Mutual Life, has been appointed manager of the company's Lehigh Valley Division. Franklin G. Stull was named supervisor in charge of a unit, and Harry R. McCoy was appointed supervisor in charge of sales personnel development in the Philadelphia area.

Captain Samuel P. Naftzinger, a unit manager, has been called into federal service as captain in the cavalry reserve.

Michael A. Brown, unit manager of the Reese & Reiley Philadelphia agency of Penn Mutual Life, has retired from active duties after 51 years of service. Upon the occasion of his 50th anniversary with the company last year, popular "Mike" Brown was given a gold watch by President John A. Stevenson on behalf of the company. Agency members gave a dinner in his honor when he retired.

Equitable Society Fiscal Facts

Assets of Equitable Society mounted \$162,000,000 during 1940 and now amount to \$2,564,000,000, the finance committee reports. This market value of the securities exceeded the values at which they are carried by \$16,800,000.

President T. I. Parkinson observed that Equitable has purchased during the last three years about \$250,000,000 of high grade railroad bonds. Of that amount, about \$230,000,000 are in the portfolio at the end of 1940, and their market value was about \$5,000,000 in excess of cost.

GUARANTEE MUTUAL

ORGANIZED 1901

LIFE COMPANY

OMAHA, NEBR.

THIRTY-NINTH

Annual Statement

JANUARY 1, 1941

Assets

		Per Cent of Total Assets
Cash	3.58%	\$ 903,381.89
Bonds:		
U. S. Govern-		
ment	\$ 149,223.89	37.88%
State, County and Municipal	9,410,458.93	
Canadian—		
Dominion, Prov. and Municipal ...	1,671,566.47	6.62%
Public Utilities.	1,695,094.12	8.84%
Other Bonds ..	536,200.00	
Total	53.34%	13,462,543.41
First Mortgage Loans:		
Farm Proper-		
ties	\$ 581,165.50	14.77%
City and other Properties ...	3,145,377.29	
Stocks	1.51%	381,300.00
Home Office Property	1.42%	358,358.04
Real Estate	1.07%	268,491.09
Other Real Estate Owned	3.75%	946,895.00
Policy Loans	16.15%	4,076,659.45
Interest Accrued79%	200,115.37
Premiums in Course of Collection	3.40%	857,789.39
Other Admitted Assets22%	56,360.93
Total Admitted Assets	100%	\$25,238,437.36

Reserves and Liabilities

Legal Reserve	\$ 20,199,349.00
Reserve for Income Policies	757,846.00
Reserve for Claims Awaiting Proofs....	110,119.53
Reserve for Taxes, Etc.	120,963.00
Dividends Payable to Policyowners.	309,937.27
Advance Premiums and Trust Funds....	946,098.91
Total	\$ 22,444,313.71
Contingency Reserve	1,000,000.00
Surplus Unassigned	1,794,123.65
Total	\$ 25,238,437.36

Results—Year 1940

1940 Payments to Policyowners and Beneficiaries	\$ 1,917,354.04
Total Payments to Policyowners and Beneficiaries Since Organization	37,694,111.46
Insurance Issued and Restored During 1940	14,615,307.00
Insurance in Force, January 1, 1941	139,287,598.00

For Agency Opportunities Write to
A. B. Olson, Agency Vice-President

Graham Accepts Equitable Scroll at Special Dinner

NEW YORK—Vice-president W. J. Graham was honored at a testimonial dinner given by the Equitable Society's New York board of managers on the occasion of his 30th anniversary of service with the Equitable. Manager F. S. Goldstandt, president of the board, was toastmaster and recounted Mr. Graham's rise from his first life insurance job as a young actuary in the midwest to vice-president in charge of the Equitable's agencies. He presented to Mr. Graham a hand-illuminated scroll signed by all who attended the dinner.

President T. I. Parkinson paid tribute to Mr. Graham's service to the Equitable and to the institution of life insurance, adding, "At this time in the life of the city of New York, I know of no man who enjoys the respect and affection he does, and that is even more true in the insurance world where we so intimately know the man and his performance. Our affection is mixed with admiration and regard."

In his response, after expressing gratefulness for the honors tendered him, Mr. Graham said that "there never has been an era or period that has not had in it some kind of a challenge and to which men could respond with courage and resourcefulness. Today there is a new order of challenge and to it we can bring courage, capacity, understanding and loyalty."

Penn. Insurance Days at Bethlehem, June 3-4

The Pennsylvania Insurance Days convention will be held in Bethlehem June 3-4. John J. Shonk, Bethlehem agent, has been named general chairman by the general convention committee.

As is customary, all insurance organizations of the community in which the convention is held are affiliating. The Lehigh Valley Life Underwriters Association will have charge of the life insurance forums. P. W. Gerhardt, Metropolitan, president, has named William P. Madden, Massachusetts Mutual, Allentown, chairman of the program.

Produce for Ek on 76th Birthday

Imperial Life of Asheville, N. C., is conducting a campaign from Feb. 1-15 with a goal of \$250,000 ordinary production, in tribute to Secretary E. W. Ek, whose 76th birthday falls on Feb. 12. Mr. Ek is held in the highest regard by the organization and exceptional emphasis is placed on this drive. Mr. Ek was born in Sweden and came to this country at the age of 17. He entered the business in 1891 with Life of Virginia in a production capacity and in 1905 organized Imperial Life and became secretary.

Smith Quits General American

Lawrence A. Smith has resigned as comptroller of the General American Life Insurance Company, effective February 1, to accept a similar position with the McDonnell Aircraft Corporation.

Mr. Smith, who was with the General American Life for five years, was honored at a farewell dinner by officers and department heads. He was presented an inscribed watch.

Burt Confirmed in S. D.

PIERRE, S. D.—The appointment of George K. Burt of Watertown as insurance commissioner was confirmed by the state senate. Mr. Burt, who succeeded the late P. J. Dunn of Miller, will serve until July 1, 1943.

Estate Planning Publication

A monthly department of "Estate Planning" is being introduced with the January issue of "Trusts & Estates" magazine. This department will cover matters affecting the drafting of wills and trusts, including the analysis of estate needs and the effects of taxation.

Veteran Nat'l Life Lawyer to Retire, Revise Books

Guy B. Horton, attorney on the National Life staff since 1919, has resigned, effective May 1.

Mr. Horton, having arrived at the optional retirement age, wants to devote his time to revision of four books he has written on law and life insurance, and to perform special service for insurance companies in the field of settlement agreements and life insurance trusts.

Mr. Horton studied law with Robert Roberts in Burlington, Vt., and was admitted to the bar in 1906. He collaborated with Mr. Roberts in preparing the digest of Vermont supreme court reports from 1878 to 1919. He was prominent as a lecturer in the Vermont state grange and wrote a history of the grange. He joined National Life when settlement agreements and life insurance trusts were becoming a new phase of the insurance business and he concentrated on them for so many years that he became recognized widely as one of the best informed men on the subjects. Mr. Horton has a well-established farm at South Hero, an island in Lake Champlain, where his specialty is seed bean culture. He and Mrs. Horton plan to make their home there after May 1.

First-Year Leaders Analyzed by Penn Mutual Life

Penn Mutual Life leaders among first-year men who were honored on a recent visit to the home office reflect types entering the business.

Frederick C. Gedge, Jr., Peoria, 24, paid for \$196,000 on 62 lives. Active in college he came into life insurance without previous business experience and immediately developed clients among the young college graduate employees of a tractor company. His major market was among young, single men to whom he sold retirement income. J. Garth Elzea, Jr., 26, Quincy, Ill., produced \$125,000 on 48 lives. He also came direct into life insurance from an active college career. Alfred J. Isaac, 27, Billings, Mont., produced \$97,000 on 55 lives. His business has been largely among ranchers and farmers and their children, covering his territory by car and traveling about 600 miles a week.

Leo G. Griffith, Jr., 23, works in Pittsburgh with the Johnson Agency. He produced \$174,000 on 53 lives. Graduating from the University of Pittsburgh as an outstanding senior, he worked his way around the world as an able-bodied seaman. William E. Springer, of the Banks & Transue agency, Canton, O., wrote \$94,000 on 60 lives. He was the only married man of the group and is 26. A high school graduate, he had been selling used cars.

Star Managers Get Miami Trip

President O. T. Hogan of United of Chicago will entertain in Miami 18 managers from Chicago, Cincinnati, Indianapolis, Columbus, Cleveland and Detroit, for several days commencing Feb. 13. This is in accordance with Mr. Hogan's promise to so entertain any manager who recorded a \$5,000 industrial debit increase in 1940. Mr. Hogan will leave for Florida within the next few days. His son, Vice-president J. R. Hogan, will accompany the group of managers to Florida.

Premium Deposit Plan Popular

Occidental Life of Los Angeles reveals that last year the company's premium deposit agreement rider was attached to more than 20,000 policies. Under this agreement, the policyholder is permitted from time to time to deposit sums of not less than \$5 and in any one year not more than 10 percent of the face amount of the insurance. These sums may be applied as future premium payments if necessary or to mature policies as endowments or to apply as paid up insurance.

Three-Quarters Over

of a Billion Dollars of Life Insurance in Force!


Gain in 1940

Approximately \$65,000,00

The

NATIONAL LIFE AND ACCIDENT Insurance Company, Inc.

C. A. CRAIG, Chairman of the Board



C. R. CLEMENTS, President

HOME OFFICE
NASHVILLE

NATIONAL BLDG.
TENNESSEE

"Spendable Margin" for Family Grows

Monthly income of the average urban household increased nearly \$7 in the last six months of 1940, while household expenses remained at 1936 levels, according to a current study of family buying power by Northwestern National Life. The margin between average earnings and living costs is the largest in the eight-year history of the company's index.

Living costs, which sank to a low for the year in October, and have stiffened a trifle since, have been far outstripped by the rise in industrial pay checks, the report states.

An average employed worker's family of four, with earnings of \$120, at average 1933 payroll levels and spending the same amount for living expenses at average 1933 retail prices, had to pay \$131.11 in June, 1936, to maintain the same standard of living; meanwhile the family pay check had climbed to \$133.92. In June, 1940, the same standard of living for a family of four cost \$131.86, while the pay check had climbed to \$150.86; by year-end, the monthly pay check had increased to \$157.49, while living costs had fallen \$1.10 from June levels, totaling \$130.76 in December, 1940, the report shows.

The increase in payrolls in recent months has meant a net increase in American spending power, the report points out, as total living costs are the same as they were a year ago, and actually less than they were last summer. Minor increases in clothing and fuel, and in miscellaneous household items, have been offset by the decline in food prices, the study shows.

Valuation Rule Subject of Pennsylvania Study

Commissioner Taggart of Pennsylvania has asked for an expression of opinion from companies, associations and exchanges operating in the state upon the rules governing real estate valuation which were adopted by the National Convention of Insurance Commissioners.

"The desire of the commissioners to arrive at a common standard as expressed in their report is very meritorious," Taggart comments, "but the complications that might arise from adoption thereof in some states and not in others and the effect of the adoption thereof upon the companies domestic to Pennsylvania, are questions that directly affect the companies and at the same time perplex the department. They are intended to be solved by this exchange of views."

Commissioner Taggart has asked for the reaction of insurance men and companies by March 1.

Kraus Named in Hollywood

A. L. Kraus has been appointed general agent in Hollywood by the Pacific Mutual Life. He has been in life insurance work 14 years and has been successful as a producer and also in agency management. He is a C. L. U., and is editor of the publication of the Life Underwriters Association of Los Angeles, "News, Notes and Notables."

Cleveland Agency Retains Trophy

The President's Victory Trophy of the Ohio State Life was presented to the Cleveland agency by President Claris Adams at a dinner there. Having won the trophy twice in succession, it will become the agency's permanent possession. Frank L. Barnes, vice-president and agency director, and Dr. C. E. Schilling, consulting medical director, also attended the meeting.

To Handle Furey Account

The Furey agency of Berkshire Life in Pittsburgh has appointed Parker-Allston Associates, Inc., New York, as advertising counsel. Raymond D. Parker

will be account executive. Founded in 1871, the Furey agency is now being operated by W. Rankin Furey of the third generation of the family. It is the Berkshire's largest agency.

Elmore Named Florida Deputy

TALLAHASSEE, FLA.—T. T. Elmore has been appointed deputy insurance commissioner. The position of assistant commissioner, formerly held by A. H. Roberts, will be abolished and there will be two deputies, the other yet to be named. Mr. Elmore, long in the agency business in Jacksonville, has for some time been an investigator for the department.

More Funds for Pa. Department

For defraying expenses of the Pennsylvania department for the two years ending May 31, 1943, Governor James recommends an appropriation of \$580,000, an increase of \$20,000 over that for the preceding two years.

The Akron agency of Ohio State Life has established new and larger quarters in the Akron Savings & Loan Building. The agency reported a 30 percent increase in business during 1940. H. Gregg Stone, the manager, assumed that position in January, 1940.

New Incontestable Clause Measure in Nebraska

LINCOLN, NEB.—The Nebraska legislature's insurance committee has reported favorably on the bill reducing the minimum group limit from 100 to 50. Burial association representatives objected so strongly to the bill requiring them to label their policies and to limit liability to \$500 that it was recommitted for further study.

The state insurance department bill broadening the two year incontestable clause covering life policies adds to exception of non-payment of premium these words: "With respect to limitations of liability which may be contained in the policy relating to service with military, naval or air forces in any war, declared or undeclared, or in aeronautics, other than as a fare-paying passenger of any regularly operated and established commercial airline." In such cases liability may be limited to reserves on the policy, plus additions, minus any indebtedness on the policy.

A bill provides the sale or delivery of a policy in the state automatically appoints the director of insurance as agent for service of processes. It is aimed at bringing radio and mail com-

panies within jurisdiction of Nebraska courts.

Burial associations would be restricted to writing only burial policies for \$500 with policies plainly marked. Cash reserves and investment regulations of life companies would be required.

Execution of reinsurance, merger or consolidation contracts is provided. Rights of dissenting policyholders are provided.

Another bill requires all domestic companies to apply for and secure approval by insurance director of issuance of surplus notes which shall not be a lien upon the assets and which shall be issued in a maximum amount, proceeds applicable only to payment of losses.

Ohio License Deadline Feb. 20

The Ohio department has notified life and fire companies that all license renewal requisitions must be in the department's office by Feb. 20 and that renewal applications received after that date will not be considered until after July 1. They will then be considered as new appointees and must be accompanied by a new statement.

Just the thing to convince hard boiled prospects—"24 Men in 24 Years." Order 8 booklets for \$1 from National Underwriter.

STATEMENT of FINANCIAL CONDITION

From the Annual Report Submitted to the Iowa Insurance Department, as of Dec. 31, 1940

ASSETS		LIABILITIES	
%			
55.5	First Mortgage Loans..... \$3,809,218.20 On farm property, \$1,424,404.75; and on city property \$5,384,813.45.	Net Tabular Mean Reserve.....	\$9,592,415.08
24.4	Bonds..... 2,994,464.42	This reserve with interest and future payments is sufficient to mature all outstanding policies according to the American Experience Table of Mortality.	
1.6	Real Estate..... 196,946.33 Home Office Bldg., \$68,000.00; Other Real Estate, \$128,946.33.	Advance Premium and Interest Payments.....	329,704.99
2.2	Real Estate Sold Under Contract.. 268,425.39	Many policyholders pay their premiums and interest in advance to avoid the possibility of overlooking them at the due date.	
8.9	Policy Loans..... 1,088,382.29 In an amount not to exceed the reserve to the credit of the Policy.	Reserve for Claims.....	225,262.23
1.2	Interest Due and Accrued..... 146,260.71 On mortgages, bonds, policy loans, etc.	This amount is set aside to provide payment of death and disability claims due in installments. Also to assure payment of claims for which complete proofs have not been received.	
3.1	Cash in Banks and Office..... 376,243.07	Dividend Accumulations.....	391,313.56
3.1	Premiums Due and Deferred..... 383,552.90 Premiums past due and unpaid part of 1940 annual premiums made on monthly, quarterly, semi-annual basis, for which a proper reserve charge has been made.	Dividends Due and Unpaid.....	21,122.10
100.0	Total Admitted Assets..... \$12,263,493.31	Dividends unpaid because policyholders have not designated choice of option.	
		Miscellaneous.....	43,060.57
		Expenses due and accrued..... \$ 3,358.06	
		Accrued Taxes..... 38,000.00	
		Agents' Comm. on deposit..... 1,707.51	
		Dividends Apportioned, Payable in 1941.....	450,000.00
		These dividends are payable on the anniversary dates of the policies during the coming year.	
		Reserve for Contingencies.....	516,454.78
		To provide for possible excess death claims, investment losses and other contingencies.	
		Unassigned Surplus.....	694,160.00
		To Balance Assets.....	\$12,263,493.31

PROGRESS

Decem-ber 31st	Insurance in Force	Admitted Assets	Benefits Paid Since Organization	Dividends Returned Since Organization
1928	\$18,466,955	\$ 1,730,173	\$3,112,283	\$ 139,565
1930	30,093,652	2,863,994	3,365,928	279,807
1932	33,305,658	4,193,483	3,619,560	471,759
1934	37,892,867	5,339,327	3,904,252	688,031
1935	44,328,674	6,001,370	4,104,652	789,892
1936	49,117,387	6,973,202	4,318,125	930,441
1937	55,325,207	7,964,456	4,533,932	1,204,909
1938	57,865,661	9,244,174	4,761,010	1,461,387
1939	63,619,349	10,630,361	4,997,802	1,778,592
1940	69,670,020	12,263,493	5,256,461	2,146,445

MORTALITY EXPERIENCE

The following figures show the percentage of actual death claims paid, to the expected claims, on the basis of the American Experience Table of Mortality, for the past five years:

1936	36.99%
1937	33.37%
1938	26.10%
1939	28.80%
1940	24.88%

INTEREST EARNINGS

The following figures show the interest earnings on our investments for the past five-year period:

1936	4.24%
1937	4.11%
1938	4.06%
1939	4.13%
1940	4.04%

Lutheran Mutual Life Insurance Company
Waverly, Iowa

EDITORIAL COMMENT

The Institution Reflects the Man

HENRY S. NOLLEN, board chairman of the Equitable Life of Iowa and for 18 years its president, is retiring from active business. The company as it has grown and extended its scope reflected the mind, conscience and character of Mr. Nollen.

We find ourselves in a stream lined, Diesel engine age. We build for speed. Mr. Nollen was not of the racing type. We may decry the fashions and standards of the horse and buggy days and yet to our way of thinking we may well emulate the teachings of that time. Mr. Nollen had certain principles of conduct and thinking instilled in him at the family fireside at Pella, Ia. He came from a rural community where people lived forthrightly, and he followed strictly the admonitions of his parents.

If one were asked to select the "six best" life companies in the central west, the Equitable surely would be included.

We leave our readers to complete the quota.

When we say the six "best" companies, we refer to those whose management recognizes in its finest flower the fiduciary relationship, that is, the company is a sacred trust to be administered for the benefit of policyholders. We would want a company wisely, economically managed, one whose officials were noted for their probity, straightforwardness, and sound judgment. We would require a well ordered company, well balanced, conservative and yet willing to extend its wings in a natural way.

Mr. Nollen is a humanitarian and this characteristic is a large factor in the Equitable organization. In a word, Mr. Nollen sought fineness, quality, genuineness in building the company. So it stands as a monument to a custodian of the noblest mold. His influence will continue to be exerted.

Yes, We Counted Noses

As a mild satire on the human habit of uncritically accepting statistics which lack any accurate basis in fact, we stated in these columns two weeks ago that the widely quoted figure of 64,000,000 as the total of U. S. life insurance policyholders, though a close approximation, was now superseded by an actual count of policyholders, which we had made, the new and completely accurate figure being 66,291,001.

Instead of generating a little healthy skepticism of accepting oft-repeated figures on faith the new figure seems in danger of being accepted at face value, just as the 64,000,000 total was. Quite a few readers, reading hastily through the editorial, took the 66,291,001 total as authentic, though some were curious as to how we went about getting a figure that was accurate to the extent of accounting for the very last policyholder.

We are touched at the readiness of these friends to believe that THE NATIONAL UNDERWRITER has the facilities to conduct a poll and come out with

an exact answer to a question which the combined facilities of the entire life insurance business could accurately answer only with the complete cooperation of all companies and a prohibitive amount of effort and expense. But for all anybody knows to the contrary, 66,291,001 is as near being right as 64,000,000. So if you are tired of the time-honored 64,000,000 total, why not switch to 66,291,001? It has a pleasingly exact look and nobody is in a position to prove that it is wrong. Therefore, it might be right.

While on the subject of general figures that are quoted in reference to life insurance matters we might mention that the favorite figure of speakers in referring to the number of legal reserve life companies in the United States is 300. As a matter of fact, there are something more than 400. The report section of the Unique Manual Digest, NATIONAL UNDERWRITER publication, undertakes to get as complete a list as possible and the number of companies entered there is usually 406 to 410.

The New Estate Tax Ruling

THE new regulation governing taxability of life insurance payable to named beneficiaries in amounts over \$40,000 is much clearer than the previous one in many respects, but leaves unanswered at least one important point and that

is what basis will be used in determining who pays the premiums. Whether insurance is liable for inclusion in the gross estate no longer depends on the frequently vague criterion of "incidents of ownership" but on who paid the pre-

miums. The important thing is whether the deceased paid the premiums, "either directly or indirectly." What constitutes "indirectly?"

If a husband makes out a check to his wife for the exact amount of the premium and she endorses it over to the life company it would seem as if he were paying the premium indirectly. On the other hand if the wife has inherited money in trust from her father and pays the premiums out of these funds there would seem to be little ground for arguing that the husband was paying the premium no matter what definition of the term "indirectly" might be employed. The trouble is going to come from the vast number of cases lying between these two extremes. Unless the Treasury or the courts supply some more definite measuring stick there is sure to be as much uncertainty in the arrangement of insurance as there was under the incidents of ownership rule.

One great advantage of the new criterion, vague as it is on this point, is that there is no longer any excuse for

agents advising policyholders to drop existing insurance and have a new absolute owner policy taken out by the wife in order to avoid any question of incidents of ownership. Some conscientious agents felt that this was the only safe course, though there was plenty of outright twisting, too. Others felt it was not necessary but hesitated to be too positive in case later decisions should run against this point of view. At least, the making of premium payments the measure of taxability is in the right direction in that respect.

It is unfortunate that a man should not be able to determine exactly what amount of money will be needed in order to pay his estate tax. Unless and until the word "indirectly" is more clearly defined it will be advisable for individuals having a potential liability under the strictest possible definition of the word to purchase enough insurance to take care of what would be required. If the final decision should be more liberal toward the estate, the heirs would be that much better off.

PERSONAL SIDE OF THE BUSINESS

Carlos C. Warner, secretary of the West Coast Life in charge of the actuarial division, was married in Sacramento, Cal., to Mrs. Anita Larzelere of Sacramento.

Frank P. Crum, New York Life, president of the St. Joseph, Mo., Association of Life Underwriters, has been awarded the distinguished service award key of the Junior Chamber of Commerce as the most outstanding young man in St. Joseph in 1940.

Mr. Crum and Miss Helen Summy, Equitable Society, have been selected as directors of the new St. Joseph plan.

H. S. Standish of Los Angeles, who retired late in 1940 as manager of the Sun Life of Canada for southern California, has taken on a job that harks back to the first world war days, when he was in command of a battalion of Chicago police. He is busy organizing and helping to train the sheriff's reserves, being created by Sheriff Biscailuz, which when completed will number 3,000 men. So far about 150 men have been selected and are taking drill and gun instruction.

Roy Le Crow, general agent State Life of Indiana, recently installed as mayor of Atlanta, has been given a commission as lieutenant colonel in the national guard. Mayor Le Crow before his election was a major but obtained leave to be put on the inactive list, with the proviso that he reenter active service in the event of war.

E. B. Raub, president Indianapolis Life, has been named a director of the Security Trust Company of Indianapolis.

S. Alberta Stutsman, advertising manager G. E. Lackey general agency Massachusetts Mutual, Detroit, competed on a team of the Women's Advertising Club and Adcraft Club against a similar team from Cleveland in the

"Quiz of Two Cities" radio program on Station WJR.

E. A. Macnutt, vice-president and treasurer of the Sun Life of Canada, has been appointed first vice-president of the Montreal board of trade.

W. M. Rothaermel, vice-president Pacific Mutual Life, is visiting western general agents. He will address life underwriter association and life agency managers meetings in Wichita, Omaha, Denver and Salt Lake City.

Miss Joyce M. Mersfelder, daughter of L. C. Mersfelder of Oklahoma City, for more than 20 years Oklahoma state manager of the Kansas City Life, will be married March 1 to Dr. A. M. Young III.

Albert E. Mielenz, Milwaukee general agent Aetna Life, will be honored at a dinner there Feb. 20 on the 50th anniversary of his connection with that company. A number of home office men will attend and many associates and friends.

Capt. S. A. Carroll, manager group and pension department Aetna Life in Buffalo and now stationed at Ft. Dix as adjutant of the 174th Infantry, has been elected secretary of the Greater Buffalo Advertising Club.

Leo P. Kahalar, local agent in Traverse City, Mich., and district manager Northwestern National Life, has received the Traverse City chamber of commerce medal, given for outstanding community service during the year.

C. A. Nolte, manager American National Life in Detroit and president American Speakers Club, was master-of-ceremonies at the club's annual banquet.

C. E. Brown, Grand Rapids manager Mutual Life of New York, was chosen as one of the city's "newcomers" to inform Grand Rapids people in a state-



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ment in the "Press," "What I Like About Grand Rapids."

Miss M. Jane Smith, secretary to G. E. Lackey, general agent Massachusetts Mutual, Detroit, past president of National Association Life Underwriters, will leave the agency Feb. 15 to marry J. W. Vinton, Detroit, who was formerly affiliated with the agency.

A. Van Pritchett, general agent the Connecticut Mutual Life, Memphis, Tenn., has been made chairman of the 1941 Red Cross membership rollcall.

John K. Howard, vice-president and secretary Columbian National Life, has been appointed to represent the Massachusetts public safety committee in making a special visit to England for the purpose of studying the British home guard organization.

J. H. Kelsey, vice-president and treasurer of the Standard Publishing Company, Boston, for 40 years with "Standard" as statistician, has retired owing to continued ill health. For many years he had prepared the "Standard's" directory.

DEATHS

A. Homer Vipond of Montreal, 64, agents' counsellor for Canada of the New York Life, died suddenly at St. Petersburg, Fla., where he was attending a company convention. He had represented the company more than 43 years. He was one of the founders of the Life Underwriters' Association of Canada, serving as president in 1911. In 1930 he was made a life member of the association for outstanding service to the life insurance business in Canada.

Fred E. Dwinell, field supervisor of National Accident & Health of Philadelphia in New England, who was a former life insurance man, dropped dead of a heart attack while in Providence, R. I. He started 26 years ago with Prudential in Boston. Then he became supervisor for New York state and New England for Phoenix Mutual Life. In 1922 he went into the accident and health business and saw service with Continental Casualty, Massachusetts Accident, Bankers Indemnity and Union Mutual Life as well as National Accident & Health.

M. D. Nunnally, 74, president of the Home Beneficial of Richmond, died there. He was one of the founders of the company in 1899, and was made vice-president at that time. He became president in 1932. He started in insurance as an agent of the Metropolitan Life. His son, M. D. Nunnally, Jr., has been vice-president of the company since 1937.

J. C. Michie, Bankers Life of Iowa agency manager at Durham, N. C., died from a heart attack at Wilson, N. C., after spending the day working with a member of his agency in that city. Joining the Bankers Life in its North Carolina agency in 1927, he became supervisor at Durham in 1933 and agency manager the following year.

Armistead Washington, 81, one of the founders of the Southern Aid Society of Virginia, died in Richmond. He was vice-president and a director at the time of his death.

J. Lionel Haas, 59, a former general agent in Chicago of the Travelers for 15 years until 1928, and since then a specialist in salary allotment insurance on army and navy franchises, died in a hospital at Indianapolis of a complication of pneumonia and heart disease. Mr. Haas was at Fort Knox, Ky., at work when he caught a cold that he thought was "flu." Mrs. Haas was with

him, and they set out to return by automobile to Chicago. At Indianapolis he was in critical condition and was put in a hospital. He started in insurance with his father, an old general agent of Travelers at Birmingham, Ala. An uncle, B. J. Weil, also was a Travelers general agent who died a few years ago. Lionel Haas went to St. Louis, joining the late W. H. Cobb there in the Travelers and followed him to Chicago when Mr. Cobb was named manager in the latter city. The Haas family has represented the Travelers for more than 50 years.

John A. Webb, 59, state editor of the Dallas "Times-Herald," who had served as news correspondent for THE NATIONAL UNDERWRITER in Dallas for a number of years, died suddenly at his home of a heart attack. He had also been connected with "Texas Insurance" since 1924.

Lloyd A. Franck, 50, production manager of the Julius Meyer agency of New England Mutual Life in Chicago, died of a heart ailment. He was stricken at his home and died in the hospital 10 days later. Burial was at Olney, Ill., his boyhood home.

Mr. Franck started in the business with Travelers and was manager of the Chicago south side branch for several years. He also was connected with Travelers in Milwaukee and Peoria, Ill. Then he served as assistant superintendent of agents for Continental Assurance, later going with Franklin Life as Peoria general agent. Still later he became general agent for Pacific Mutual Life at Peoria and a few years ago went with the Meyer agency. He took an active part in the Chicago Supervisors Club.

Henry W. Buse, 67, for the past nine years a member of the Philadelphia agency of Penn Mutual Life, died. He had served two terms as tax collector in Ridley Park, suburb of Philadelphia, one term as Burgess, and 13 terms as councilman. He had organized the Delaware County Association of Burgesses & Township Commissioners, and the Chester Pike Rotary Club.

C. H. Adams, who retired in October after 38 years as head of the Metropolitan Life's information desk, died at his home in Caldwell, N. J. When he retired he estimated he had answered some 5,000,000 questions.

Mutual Benefit Announces 1941 'National Associates'

Each year the top 25 producers of the Mutual Benefit Life Leaders Club are designated "National Associates." The membership is:

Max M. Matusoff, Cleveland; A. Robert Groenke, Cincinnati; Michael Alperin, Boston; J. E. Clayton, Newark; D. H. Waterhouse, Boston; G. G. Terriberry, N. Y. C. (Thurman); L. C. Roth, Buffalo; Irving Goldie, Chicago (Parsons); Howard Neal, Los Angeles; W. H. King, Lima, O.; W. E. Wright, Toledo; S. W. Sturm, Cincinnati; Sidney Well, Cincinnati; J. M. Hastings, Syracuse, N. Y.; M. A. Blate, N. Y. C. (E. & S.); Joseph Blumenthal, Boston; R. F. Mellor, N. Y. C. (Youngman); Preston Wright, Cincinnati; B. A. Baldwin, Detroit; A. C. Stern, Boston; A. M. Knapp, Baltimore; R. S. Koehler, Jr., Pittsburgh; E. J. Dore, Detroit; M. D. Mason, and J. M. Currie, N. Y. C. (Youngman).

An organization meeting will be held soon to elect officers and the group will hold meetings at which problems of the larger producers will be considered. Membership in the current group required at least 21 percent more paid-for production than did last year's group. Mr. Matusoff, the 1940 production leader, paid for \$2,035,000, only about \$250,000 less than the Mutual Benefit's all-time high record established in 1925 by Samuel W. Sturm of Cincinnati.

The Columbus, O., Better Business Bureau has issued a warning against a swindler who, representing himself as an insurance adjuster, collects money from widows and other relatives of deceased persons on the ground that insurance money is due them.

OUR 54th YEAR

FINANCIAL STATEMENT

JANUARY 1, 1941

\$67,176,059.58

PAID ON POLICIES SINCE 1887

ASSETS

Bonds (Amortized Value)	\$15,124,686.99
U. S. Government & Gov. Guaranteed	\$4,138,540.78
Federal Land Bank	1,724,550.00
State, County and Municipal	4,341,391.81
Railroad	1,969,650.00
Public Utility	2,385,660.00
Canadian	440,481.90
Industrial	124,412.50
Policy Loans	6,835,512.87
Loans to policyholders, none of which exceed the cash value of the policies, and covered by the reserve.	
First Mortgages (including Tax Sale Certificates)	6,076,982.35
Real Estate (including Home Office)	9,239,236.67
Aside from the Home Office, Real Estate consists entirely of farms which have been acquired by foreclosure.	
Real Estate sold under contract	347,548.71
Cash in office and banks	740,745.12
Accrued Interest and Rents (less items not admitted)	420,727.37
Deferred and Unreported Premiums	410,872.83
Monthly, Semi-annual and Quarterly Premiums due after December 31.	
Due from Reinsurance Companies	192.04
	\$39,196,504.95

LIABILITIES

Policy Reserve (full net level premium)	\$29,496,935.11
A sum which with future premiums and interest will pay all policy liabilities as they fall due. The most stringent basis of valuation used only by the oldest and strongest companies.	
Death claims unpaid	79,668.55
This includes a Reserve of \$25,000 to cover possible claims which may have occurred before December 31 but not reported to the Company.	
Dividends left at interest and Premiums and interest paid in advance and amounts accrued	528,972.49
Dividends payable to policyholders in 1941 and Reserve held for future Deferred Dividends	2,990,198.17
Reserve for Taxes	300,000.00
This is to cover all taxes payable in 1941.	
Miscellaneous small accounts	16,362.98
Contingency Reserve for participating policies written since January 1, 1915	1,576,819.62
	\$34,988,956.92
Capital Stock	500,000.00
Surplus	3,707,548.03
	\$39,196,504.95

RECORD FOR 1940

Paid for Death, Endowment, Disability and Annuity Payments	\$ 720,093.14
Paid for Surrender Values	1,723,080.81
Paid for Policy Dividends	1,199,610.04
Paid Policyholders on Installment Agreements for Money Left on Deposit with Interest	193,427.34
Paid Policyholders for Dividends Left on Deposit with Interest	27,289.53
Total Paid Policyholders and Beneficiaries in 1940	\$ 3,863,500.86
Insurance Issued and Revived	9,481,327.73
Insurance in Force (paid-for basis)	119,445,376.07
Percentage of Death Claims to Mean Insurance	5.77
Percentage of lapses and surrenders to Mean Insurance	28.85
Average First Year's Premium Per Thousand in 1940	4.24%
Gross Return on Company's Investments	

BOARD OF DIRECTORS

E. C. Ames
John H. Ames
D. W. Cook

George B. Cook
E. B. Drake
C. Petrus Peterson

F. M. Sanders
H. P. Stebbins
H. S. Wilson

OFFICERS

H. S. Wilson
President
D. W. Cook
Vice President
E. C. Ames
Vice Pres. & Actuary

F. M. Sanders
Secretary
E. B. Drake
Treasurer
C. Petrus Peterson
General Counsel

C. H. Heyl
Director of Agencies
Dr. H. E. Flansburg
Medical Director
F. J. Marshall
Auditor



OPPORTUNITY:
Live, progressive Catholic life insurance organization has good territory open in Wisconsin and Minnesota for men with proven production record, who are willing to work on a full-time basis. Only men with sales experience, good personality and approach need apply. All replies will be held strictly confidential. Address inquiries to Box M-48, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

NEWS OF THE COMPANIES

Great-West Life Report Reveals Strong Position

At the annual meeting of policyholders and shareholders of Great-West Life in Winnipeg, a number of interesting observations were made by President M. F. Christie and General Managers H. W. Manning and F. D. McCharles. Certain significant figures were presented in last week's edition.

Thirty-two percent of the new ordinary business in 1940 was written in the United States and the volume in force in this country is now \$137,000,000. Income of \$26,500,000 exceeded that of the previous year. There was a small decline in premium income, but that was offset by the increased investment income. The average yield on new investments was fractionally less than in 1939, but was almost identical with that of three years ago. The return on total investments was improved during the year.

Great-West Life has participated in two war loans and has been a substantial purchaser of Dominion bonds. The market value of bonds and debentures substantially exceeds book values. New investments during 1940 were largely in bonds and debentures, and this account increased by \$8,000,000.

Of the surplus earnings, \$2,526,000 was set up as a reserve for the continuation of the 1940 dividend scale. The contingency reserve of \$3,000,000 was maintained and the surplus was further increased. The balance of earnings was used to write down doubtful accounts. Policy reserves are on a stringent basis and total surplus now amounts to \$5,600,000.

The management pointed out that the war has not interfered in any important way with the conduct of business in the United States. The deposits in the

United States substantially exceed the corresponding liabilities. The income from United States business and investments is much more than adequate to provide for disbursements and increase in liabilities. The American business, in fact, is self supporting as an independent unit.

Old Line Life Is to Enter Participating Field

MILWAUKEE — Stockholders of Old Line Life of Milwaukee have approved an amendment to the articles of organization so as to permit the writing of participating as well as non-participating business.

The trend for non-participating companies to enter the participating field has become very pronounced lately. Ohio National Life announced the other day that commencing April 1, it will write participating business exclusively. Lincoln National Life is amending its charter in this connection.

Franklin Life under the new management is emphasizing participating business and a number of other stock companies are accenting participating lines.

Two New Vice-presidents of Continental Assurance

Howard C. Reeder, actuary and office manager of Country Life, was elected vice-president and actuary at the annual meeting of the Continental Assurance this week, having resigned his Country Life post for the purpose. He fills the vacancy that will be created by the leaving of Ross E. Moyer, who is to become underwriting vice-president of Northwestern National Life.

Mr. Reeder has had 14 years' life insurance experience, after graduation from the actuarial school of the University of Iowa. He went into the actuarial department of the old Royal Union Mutual of Des Moines, becoming assistant actuary and remaining there 6½ years. After that he went to the Country Life as its actuary and later also was named office manager.

He is an associate of the Actuarial Institute of America, past president Chicago Actuarial Club and also past president of the Chicago Home Office Life Underwriters Association.

Mr. Reeder is one of the younger, more progressive actuaries who tempers his theory with a broad knowledge of the practical needs of other departments of the company, including management and agency.

B. C. Markle, manager of the Continental Assurance group department, was elevated to vice-president in charge of that department. He has been with the company 11 years, and before that was for 13 years with Travelers.

Hold Hearing on Reinsurance

ST. LOUIS—Superintendent R. B. Lucas will hold a hearing here Feb. 11 on the proposed plan for the insurance by the Reliable Life of St. Louis of the outstanding industrial life and health and accident insurance business of the Guardian Life of Dallas. Policyholders of both companies and others interested will be given an opportunity to be heard.

Bankers Life & Casualty Audited

The Illinois department has issued a report of an examination of Bankers Life & Casualty of Chicago as of Sept. 30, 1940, showing assets \$124,549 and

surplus \$46,231. The examiners comment favorably on the cash balance, the investment portfolio and mortality experience and expenses. Bankers Life & Casualty has taken over the business of Blackhawk Mutual Benefit, Public Mutual Benefit and Jefferson National Life and the accident and hospital policies of Union Life of Chicago. Also, the membership of several defunct mutual benefits has been rewritten on Bankers Life & Casualty forms. John MacArthur is president.

About 90 percent of the business is secured by direct sales solicitation or through advertising medium. During 1940 to Sept. 30, total income was \$213,899, total disbursements \$137,947. There was a net reserve of \$44,294. Bankers Life & Casualty is an assessment legal reserve company writing life, accident and health on the stipulated premium plan.

Careers of Two New Officers

Samuel M. Michener, newly named actuary of Columbus Mutual Life, is a graduate of the University of Michigan, where he took the actuarial course. After serving in the world war he joined Columbus in 1925 and has been continuously assistant actuary.

H. C. Higdon, who was appointed assistant secretary, attended the Univer-

sity of Illinois, and joined Columbus in 1939, after serving ten years as actuary of the Kansas insurance department. He is a younger brother of J. C. Higdon, vice-president in charge of sales of the Business Men's Assurance.

N. Y. Life Head Honored

NEW YORK—G. L. Harrison, president New York Life and up to Jan. 1 president of the Federal Reserve Bank of New York, received a scroll naming him an honorary member of the New York chapter of the American Institute of Banking at its 40th annual dinner here. The award is made annually to the financier whom the institute considers to have rendered the greatest service to banking and to the institute.

Provident Life & Accident Gains

Total premium income of Provident Life and Accident showed a 17.1 percent gain in 1940, going to \$9,916,286. Benefit payments showed an increase to bring the year's total to \$5,495,695 in 154,618 individual benefit checks, or one every 48 seconds of each working day. Total benefit payments since organization reached \$54,412,307.

Use Accident & Health Week promotional material to increase sales. Write your company for details.

Our New ARROW of GOLD POLICY Provides —

- 1—Low cost protection at less than term rates.
- 2—Selection of any renewal period (not less than five).
- 3—Renewal privileges any number of times until age 60.
- 4—Final renewal to age 70 (selection period ends at age 60).
- 5—Conversion privileges any time until age 70.

A liberal, flexible, low cost contract. Extraordinary first year commissions and renewals.

Illinois Bankers Life Assurance Company

MONMOUTH, ILLINOIS

Exceptional General Agency contracts in the states of Illinois,
Iowa, Indiana, Ohio, Missouri and Kansas

LIFE • ACCIDENT • HEALTH

Heads Equitable of Iowa Sales Promotion Work



A. SCOTT ANDERSON

DES MOINES—A. Scott Anderson has been appointed manager of the newly-created sales promotion department of the Equitable Life of Iowa. Mr. Anderson will have centered under him all activities having to do with advertising, contests, conventions, direct mail, production records, publications, promotional, sales and conservation material. He has been manager of the service section.

Henry S. Jacobs was promoted to manager of the service section. George L. Hamlin was named field supervisor. He will continue to spend the major portion of his time in the field in sales and training work.



Howard C. Reeder

LIFE AGENCY CHANGES

Roberts Mass. Mutual Wheeling General Agent

Massachusetts Mutual Life has appointed George P. Roberts general agent at Wheeling, W. Va. He succeeds Ned G. Patrick, recently transferred to Omaha.



George P. Roberts

Mr. Roberts entered life insurance as a part-time producer at Elizabeth, W. Va., while assistant cashier of a bank. Shortly afterward he formed a partnership with Clyde O. Law as district agent at Clarksburg and in 1920 Law & Roberts were appointed Northwestern Mutual general agents at Wheeling. In 1924, he moved to Pittsburgh as a partner in the newly formed Goldsberry & Roberts agency. Sales by the two agencies in which he was a partner exceeded \$80,000,000.

He will be officially installed at a luncheon given by Massachusetts Mutual Feb. 18.

Mutual Trust Advances Donlevy

Mutual Trust Life has appointed Bernard H. Donlevy as general agent for New Hampshire, with offices in Manchester. Mr. Donlevy organized the Brattleboro, Vt., agency 10 years ago. James L. Sardonis, Nashua, N. H., was named as his associate. Mr. Donlevy has served as president of the Brattleboro Association of Life Underwriters and of the New Hampshire association. Mutual Trust appointed Verle N. Lunn as general agent for southern Vermont, with offices at Brattleboro.

Elemer De Szendeffy Retires

After a service of more than 23 years, Elemer De Szendeffy, John Hancock Mutual Life manager in Orange, N. J., has retired and is succeeded by Max Mell. Mr. De Szendeffy has been active in association work.

McClenny and Earnest Named

Pan-American Life has appointed G. Gay McClenny district manager in charge of Roanoke, Va. He has been in life insurance six years.

Murray Earnest has been appointed general agent at Tuscaloosa, Ala. He has had ten years in personal production and agency management.

Californian to Florida

Dean C. Bryant, one of the leading producers of the J. H. Cowles general

Takes Over Duties as K. C. District Manager

C. C. Gardiner has taken over his duties as district manager for Reliance Life at Kansas City. His new quarters are in the Fidelity building.

Mr. Gardiner has been a prominent life insurance man in Kansas City for almost a score of years. He has served as general agent for Guarantee Mutual Life for the past 16 years. Mr. Gardiner has had 475 consecutive weeks of production. He studied at William Jewell College, the Kansas City School of Law, and was graduated from the Life Trust Institute.



C. C. Gardiner

agency of the Provident Mutual Life in Los Angeles for 17 years has been appointed general agent of the Volunteer State Life at Jacksonville, Fla.

Mr. Bryant has served as a director of the Life Underwriters Association of Los Angeles. He has been a member of his company's Quarter Million Club.

Takes Southwest Florida for Franklin Life

The Franklin Life has appointed G. P. Cannon general agent for southwest



G. P. Cannon

Florida, with offices in the First National Bank building, Tampa. He started in life insurance work in 1922 and went with the Mutual Life of New York in 1935 as district manager. He is a past president of the Tampa Association of Life Underwriters, and is now president of the Florida association.

Keller Assistant State Agent

DES MOINES—Henry Keller has been appointed assistant state agent of the State Farm companies. He will assist Louis Kelehan, state agent, as field man. He is a graduate of the University of Nebraska and practiced law in Lincoln until he joined the State Farm Mutual Auto in 1939 as an adjuster in Iowa.

Manufacturers' Ontario Shifts

The Manufacturers Life has appointed H. White, who has been district manager at Windsor since 1937, as branch manager for central Ontario in Peterboro. He succeeds E. L. Sackville, who has retired on account of his health. J. G. Allan, with the company since 1938, succeeds Mr. White at Windsor.

Floyd B. Hook, formerly assistant manager of the Prudential ordinary department in Portland, Ore., has resigned to go into personal production.

W. B. Combs, Portland, Ore., manager Northwestern National Life, has been called for naval service. John Darling, field supervisor, is in temporary charge.

CHICAGO

H. O. CARLSON CALLED FOR ARMY

H. O. Carlson, assistant secretary and actuary Reliance Mutual Life of Chicago, a captain in the 124th field artillery which is a unit of the 334th division, will leave for Camp Forrest, Tullahoma, Tenn., March 5. Harold A. Reise has been appointed consulting actuary during Mr. Carlson's absence.

ADVISORY COUNCIL IS FORMING

Insurance Advisory Council of Illinois was constituted this week and will hold its first organization meeting of the season Feb. 10. J. P. Keever, president Illinois Insurance Federation, resident vice-president Maryland Casualty, is chairman. The members appointed by the various insurance organizations in the state are:

American Life Convention, Col. C. B. Robbins, manager and general counsel, Chicago; Association of Casualty & Surety Managers, E. I. Fiery, manager Royal Indemnity, Chicago; Chicago Association of Life Underwriters, C. B. Stumes, Penn Mutual Life, Chicago; Chicago Board of Underwriters, R. A. Parker, acting manager; Chicago

Insurance Agents Association, L. M. Drake, Critchell, Miller, Whitney & Barbour; Health & Accident Underwriters conference, Edward St. Clair, vice-president North American Accident, Chicago; Illinois Association of Insurance Agents, W. Herbert Stewart, past president, member Stewart, Keator, Kessberger & Lederer, Chicago; Illinois Association of Life Underwriters, C. F. Axelson, special agent Northwestern Mutual Life, Chicago; insurance committee, Illinois Chamber of Commerce, G. F. Manzelmann, president North American Accident, Chicago.

Illinois Compensation Committee, G. H. Moloney, vice-president Hartford Accident, Chicago; Insurance Brokers Association of Illinois, Gail Reed, Fred S. James & Co., Chicago; Insurance Federation of Illinois, J. L. Maehle, manager American Surety, Chicago; Life Insurance Companies of Illinois,

E. V. Mitchell, general counsel Continental Assurance, Chicago; National Association of Insurance Agents, P. B. Hosmer, R. W. Hosmer & Co., Chicago; National Board of Fire Underwriters, E. M. Griggs, assistant general counsel, Chicago; Surety Underwriters Association of Chicago, J. I. Johnson, Aetna Casualty, Chicago.

The secretary is Lillian L. Herring, secretary Illinois Federation.

BUSY WEEK FOR EWING

It was a busy week for Willard Ewing, Chicago general agent of the Provident Mutual. Monday through Thursday was the annual Provident general agents meeting in which Mr. Ewing took an active part, including appearance in a skit. Final rehearsals also were held during the week for a three-act play, "The Queen's Husband," a community venture in Highland Park



There is a defense program going on quietly in this country, one that you do not see publicized in the newspapers, because it is no longer news.

Last year, in fact, more than 65,000,000 Americans took part in this defense program. Its purpose, as in the case of our current national defense activities, is SECURITY . . . security for the American family. Its defense weapons are the policies of a modern life insurance program.

Connecticut General has, year by year, played an increasingly important part in this program of American family defense by offering a progressively improved standard of life insurance service to the public. Today more people than ever before are making provision for their personal security through Connecticut General policies.

We at Connecticut General recognize and accept this increased responsibility and pledge a continuing worthy stewardship of the trust placed in us by thousands of American families.

1940 RECORD	
Assets	\$289,448,516
Reserves and other liabilities	272,518,128
Contingency Funds	4,482,000
Capital and Surplus	12,448,388
<hr/>	
Life insurance premium income	\$ 38,445,066
Accident insurance premium income	3,568,879
Total income	61,649,777
<hr/>	
New paid life insurance	\$171,567,329
Gain over previous year 23%	
Life insurance in force December 31	1,211,202,698
<hr/>	
Payments to policyholders and beneficiaries	
Year 1940	\$ 24,666,588
Since organization	354,872,378

• LIFE •
• ACCIDENT •
• HEALTH •



• GROUP •
• SALARY ALLOTMENT •
• ANNUITIES •

Connecticut General
Life Insurance Company
Hartford, Connecticut

in which Mr. Ewing appeared Friday and Saturday nights. Rehearsals for the play were in the Northwestern railroad station, which is not used after dark. However, trains are frequently roaring through on their way to and from town. This kind of interruption was supposed to be good practice for the player in "breaking their lines."

CHICAGO CASHIERS' SLATE

Ethel M. Elmer, Connecticut General, is slated for election as president of the Life Agency Cashiers Division of the Chicago Association of Life Underwriters at the annual meeting to be held Feb. 11. Others on the slate are: Vice-president, J. W. Skogstrom, Fidelity Mutual; secretary-treasurer, P. W. Ward, New England Mutual; directors—two year term, Mary K. McMahon, National Life of Vermont; J. A. Shevlin, Prudential; H. D. Stone, Berkshire Life; holdover, Agnes E. Anderson, Provident Mutual; Anna Goodstein, Connecticut Mutual, and J. C. Raupp, New York Life. The voting will be by mail. Ralph H. Kastner, associate counsel American Life Convention, will discuss the soldiers' and sailors' civil relief act at the meeting, which will follow a dinner.

RENO AGENCY HAS GROUP DRIVE

Fifteen members of the Robert R. Reno agency of Equitable Society, Chicago, participated in the writing of group insurance in 1940. Fifteen coverages were added to existing Equitable groups and 45 coverages secured on new group patrons.

The pace was set by Mr. Reno, who was designated "head man" in the central department during the last three months of the year and qualified for Equitable's Group Millionaire Club. Roland D. Hinkle, assistant manager, also qualified as a group millionaire during the year.

WILLIAMS HIGH IN HASTIE UNIT

The John R. Hastie agency, Mutual Life of New York, Chicago, was led in 1940 by Stephen A. Williams, Jr., who was seventh among all company agents in December.

TRAVELERS EXPANDS OFFICE SPACE

The Cook County and Illinois branch offices of Travelers in the Insurance Exchange building, Chicago, are planning an expansion of office space. The claim, inspection, payroll, audit and medical departments will be moved to new offices on the Sherman street side on the fourth floor, while the agency and service departments will expand out into the space occupied formerly by the other departments on the third floor.

W. Edward White, vice-president Continental Assurance, spoke to a meeting of the Fred S. James & Co. agency in Chicago.

COAST

Ecker Explains Housing Plans

SAN FRANCISCO—Detailed plans of the moderate cost housing projects proposed by the Metropolitan Life for San Francisco are being explained to various civic organizations by F. H. Ecker, board chairman, who is staying here pending the outcome of the litigation seeking to prevent the construction. The plans for the San Francisco project, to cost \$12,500,000, have been approved by the San Francisco Real Estate Board and the Civic League of Improvement Clubs. Mr. Ecker addressed both groups.

Seattle Agency Coast Leader

The Seattle agency of the Phoenix Mutual Life has been awarded the company's trophy cup as the premium leader on the Pacific Coast in 1940. Fred W. Elo of the Seattle agency became permanent possessor of a silver trophy as

the highest new business getter on the coast. He won the trophy the two previous years. The cup has been held by members of the Seattle agency for six of the past 10 years.

Expanding Los Angeles Office

LOS ANGELES—The Los Angeles office of the California department in the Pacific Finance building will take over about 2,500 square feet of additional floor space. The liquidation department, now at Fourth and Spring streets in charge of Assistant Commissioner Benjamin, as well as the conservation and appraisal departments, just created, will be moved to that office.

William Schliep, supervising examiner, will have an additional assistant and a stenographer-clerk, and thus will be enabled to complete examination reports in Los Angeles.

D. P. Luckham, assistant commissioner, will have a senior examiner and a junior examiner under his charge, the former being an addition. The force of investigators is to be increased to 12 in the Los Angeles office.

Seek Aviation Changes in Oregon

PORTLAND, ORE.—A bill has been introduced in the Oregon legislature to clarify the incontestible clause in regard to aviation. The proposed amendment would remove the phrase "in time of war" as relating to naval, or military, or "aerial" service. The latter phrase is replaced by the broader expression, "or to aeronautics." Commissioner Thompson is sponsoring the bill.

Cashiers, Managers Hold Rally

PORTLAND, ORE.—A joint meeting of the Life Agency Cashiers Association and Life Insurance Managers Association was held, each manager being accompanied by his cashier. The topic was "Leads, Loans, Locomotion," led by W. S. Creech, Northwestern Mutual, president cashiers' group.

MANAGERS

Metropolitan Managers School

BIRMINGHAM, ALA.—A school for agency managers of Metropolitan Life in five southern states was held here attended by about 20 managers. R. J. Seay, field training supervisor, was in charge. Among those attending was Sam Malone, Decatur, north Alabama manager, who has been with the company 35 years. The managers will return to Birmingham in March for another week of intensive study.

Boston Supervisors Meet

BOSTON—The Life Supervisors Club met, K. A. Harvey, Blackmur Agency Massachusetts Mutual Life, and G. B. Winslow, John C. Paige & Co. office, being the speakers.

Dingman Is Chicago Speaker

H. W. Dingman, vice-president and medical director Continental Assurance, will talk to the Life Agency Supervisors of Chicago Feb. 13 on "Playing the Game Together."

Friedler New Orleans Head

NEW ORLEANS—Frank Friedler was elected president of the New Orleans Life Managers Association at the annual meeting. He succeeded Dorion Fleming. Other officers named include: J. McKee Gould, vice-president; and George Liebkemann, Jr., secretary-treasurer.

The Life Agency Supervisors Association of Northern New Jersey will hold a dinner-meeting in Newark, N. J. A dinner-meeting of the Life Agency Cashiers' Association of Newark will be held Feb. 26.

EARLY in the year The National Underwriter carried the essential figures of our Annual Statement in its news columns.

BUT one year doesn't make a Company as one swallow makes not a summer.

FOR 30 $\frac{1}{4}$ years insurance on our books that has stopped premium payment before non-forfeiture values obtain has averaged only 4.34% annually of total insurance in force.

FOR the same period, average mortality ratio has been 38.5%.

ONLY top class field men write *that* quality of business year-in, year-out. We're proud of ours. Wish we had more of 'em.

Guardian Life
Insurance Company

Home Office, Madison, Wisconsin

SUMMARY 54th ANNUAL REPORT

1940

INSURANCE IN FORCE.....	\$604,571,850
(Including Deferred Annuities)	
NEW INSURANCE.....	50,321,495
(Including Deferred Annuities)	
ASSETS.....	190,068,352
INCOME.....	35,152,615
CONTINGENCY RESERVE AND SURPLUS.....	8,759,200

Payments to Policyholders and Beneficiaries since the inception of the Company total \$246,924,284.

THE
MANUFACTURERS LIFE
INSURANCE COMPANY

HEAD OFFICE - TORONTO, CANADA

Established 1887

NEWS OF LIFE ASSOCIATIONS

Chicago Men Talk Business Insurance

Salary savings, profit sharing and pension trust plans drew major attention at the weekly forum of the Chicago Association of Life Underwriters. Principal speakers before the crowd of 700 members and guests were Paul W. Cook, Mutual Benefit general agent, who discussed "Business Insurance for Small Business," and John O. Todd of H. S. Vail & Sons, who talked on "Today's Market and How to Sell It."

Mr. Cook declared that the business dollar, one way or another, is going to furnish the money for the purchase of more and more of the new life insurance that is sold. He said:

"Millions of dollars of life insurance will be written in 1941 on salary savings, profit sharing and pension trust plans. This is the next big field of life insurance."

Cites Small Business Advantages

Mr. Cook said the field of big business has been well exploited and that small business offers the underwriter two important advantages. There are more small business men, and it is comparatively much easier for insurance men to contact the top executives. He added that no new business insurance sales ideas are needed, but rather full exposure to the old ones and better use of the selling technique.

"All business situations are easily related to personal insurance needs," said Mr. Cook, "and the business insurance needs are easily associated with the education the businessman has had for personal insurance."

"It is agreed by both business men and government that in the present crisis it is most important for American business to do all in its power to build up its strength and to keep its good health. As soon as profits are made or anticipated, values are created. The minute values are created, people want to protect them."

Inflation, Taxation Problems

Mr. Todd declared that inflation and taxation are the two most vexatious problems to prospective policyholders, but that insurance men can meet both situations with adequate answers. He said inflation is the most popular "red herring" drawn across the life insurance path, but pointed to the need for insurance by saying: "The only sure protection our clients have against the effects of inflation is what they have above the collar—their personal earning power."

Increasing taxation, said Mr. Todd, is creating an ever-expanding market for the alert underwriter to be aware of as a trend of the times. He added: "We must not permit a defeatist attitude to prevent us from continuing to provide some tax-saving advice to our clients." Mr. Todd said the creation of an irrevocable living trust, the making of a gift, and the payment of premiums on a policy owned by another are all subject to the gift tax, but that the gift tax is the cheapest tax that can be paid.

Mr. Todd urged agents to present prospects with the full merits of pension, bonus and profit sharing, and salary savings plans. Proceeding in that order, he said, underwriters may start at the top and work down with a fairly high percentage of success.

Michigan Meeting to Battle Creek

BATTLE CREEK, MICH.—The Michigan Life Underwriters association will hold its annual convention here May 23-24. F. C. White, president Battle Creek association, is chairman.

North Dakota—At a luncheon in Fargo, Hess Pryer of Detroit Lakes, Minn., was the speaker. Glenn L. Woods of Moorhead, Minn., was chairman.

Oklahoma Congress Attracts Over 550

OKLAHOMA CITY—Over 550 attended the annual sales congress of the Oklahoma Association of Life Underwriters. President J. T. Owens, Mutual Life of New York, opened the gathering and Carroll C. Day, Pacific Mutual Life general agent, program chairman, presented the speakers.

G. F. Ream, assistant superintendent of agencies Mutual Benefit Life, declared life insurance will endure despite world and economic upheavals. Life insurance is not just an idea but an actual need born of the demand of humanity for security. Mr. Ream predicted that new avenues of business will be opened as the result of the national defense program.

Harry T. Wright, Equitable Society, Chicago, president National association, declared the chief aim in 1941 is to make an intensive effort to inform policyholders on the fundamentals of life insurance.

Make Prospect Dissatisfied

"Although not a pleasant aspect, it is our job to make people unhappy, dissatisfied and disturbed in order to make them appreciate the necessity of buying life insurance," R. B. Coolidge, superintendent of agencies Aetna Life, pointed out. "People who are satisfied, complacent and happy, are not in a buying mood and it is our business to create a buying market by painting to a prospect a disturbing picture of how his family will have to live without him under the provisions of his existing program."

The head, hand and heart were cited by F. G. Bray, Houston general agent New England Mutual Life, as the three tools necessary for successful selling. The heart is the most important of the three tools because it supplies the motive power to the other two.

Get Excited About It

Stanley E. Martin, Columbus, O., general agent State Mutual Life, contended that the reason a prospect does not buy life insurance is because he does not understand it—that it has not been placed before him in a clear, compelling way. "Tell about the things that are important and get excited about it. Either your job is important or it is not and if you fail to get excited about it you don't believe in your own product," he said.

Tom Collins, Kansas City "Journal," spoke at the luncheon.

The Mid-Continent Life won first prize for attendance with 51 agents present.

Gray, Chaney in Los Angeles

LOS ANGELES—More than 350 life salesmen turned out for a meeting that began at 8:30 a. m. to hear addresses by A. E. N. Gray, assistant secretary Prudential, on "The Key to Success," and H. C. Chaney, supervisor Hays & Bradstreet agency New England Mutual Life, on "Yes, We'll Have Inflation."

Mr. Chaney in his talk, which he has given before several associations, said no agent can be an authority on inflation, for whatever he may say will be only guessing. He urged the agent to agree with the prospect that inflation is coming and that when it comes the prospect's need for insurance will be doubled, and thus throw the whole thing back in the prospect's lap and thus help make the sale.

St. Joseph, Mo.—E. A. Hasek of Kansas City, general agent of National Life, spoke on "Proper Mental Attitude and Merchandising for the Year 1941."

Lincoln, Neb.—E. P. Bragdon, assistant agency superintendent Minnesota Mutual Life, listed careful selection,

careful training, careful planning, careful study and loyalty to the policyholder as the five characteristics of the successful insurance man of the future. Insurance Director Fraizer, President John Laffin and Secretary Claude Clinton of the Nebraska association spoke briefly, the latter on the state program. John S. Logan, department attorney, outlined bills before the legislature.

South Dakota—The annual meeting is scheduled for May at Brookings, it is announced here by A. S. Mitchell, Brookings, president. The date has not been definitely set. Mr. Mitchell spoke before the Aberdeen association.

South Bend, Ind.—At the annual leaders' meeting, the association had as its guests the leading member of each agency in the association.

Peterboro, Ont.—New officers are: President, F. J. Daniel, Prudential of America; vice-president, C. W. Martin, Metropolitan Life; secretary-treasurer, E. G. Pridham, Mutual Life.

Wichita—W. M. Rothaermel, vice-president in charge of agencies Pacific Mutual Life, spoke at the February meeting on "Success in the Field To-

day." He is on an agency tour of the middle west and south. He reported the Kansas agency headed by General Agent W. E. Moore, Wichita, had a 20 percent increase in 1940 business volume.

Jackson, Mich.—George Lackey, Detroit general agent Massachusetts Mutual Life, will speak Feb. 10 on "Cooperation Between the Bar and Underwriters."

Duluth, Minn.—W. W. Scott, president Minnesota association, spoke on "Why I Belong to a Life Underwriters Association." The Duluth association is considering inviting the state association to hold its summer meeting here.

Boston—An outside speaker, W. G. Strathern, director of sales New England Coke Company, Boston, will talk Feb. 20. His subject will be the need for training for salesmanship in any kind of business.

San Francisco—At a meeting of the women's division Feb. 6, a special program devoted to the opportunities and conditions in 1941 was presented by Florence Calderwood, Massachusetts Mutual Life; Mrs. Evelyn Yancey and

Life underwriters as well as policy owners are interested in Strength, Security and Progressiveness.

Great Southerners are assured of—

STRENGTH

because their Company enters 1941 with continued substantial gains achieved through conservative management in all departments; and of

SECURITY

because their contracts are non-forfeitable; allow liberal renewal commissions; and are each made direct with the Home Office; and of

PROGRESSIVENESS

because their Company is inaugurating a personalized sales training program, beginning with the new man and continuing through advanced underwriting problems.

If interested address the Home Office at

401 Louisiana St., Houston, Texas



GREAT SOUTHERN LIFE INSURANCE COMPANY

E. P. Greenwood, President

Miss Trissie Miller, Aetna Life, Genevieve MacIver, Equitable Society, is chairman of the women's division.

Portland, Ore.—The annual sales congress will be held Feb. 28 with Verne C. Gilbert, Equitable Life of Iowa, as general chairman.

Invitations have been sent to Governor Sprague, Mayor Riley, and Insurance Commissioner Thompson.

H. E. Belden, Union Central Life, president Los Angeles association, will be one of the speakers. George Knutson, president, will make the opening address.

Northern New Jersey—At a luncheon-meeting Feb. 10, Henry Paynter, assistant managing editor of "PM," New York City daily paper, will speak on "Fighting the Fifth Column."

Boston—The annual sales congress will be held March 22. John H. Jamison, Northwestern Mutual, and George Neitlich, Metropolitan, are co-chairmen.

AGENCY NEWS

Blair Agency Wins Phoenix Honors

PITTSBURGH — George Oldham, with more than 19 years of consecutive weekly production, was awarded the efficiency trophy of the C. Hugh Blair agency of the Phoenix Mutual Life at the annual meeting. He was awarded an engraved silver platter following his address on "Getting Information and Preparing Cases."

D. Gordon Hunter, vice-president, Hartford, spoke at the luncheon meeting on "Trends."

The Pittsburgh agency showed the biggest gains of any of the company's agencies in 1940 and was awarded the director's cup on the basis of efficiency in all phases of agency management. In 1938, Manager Blair was awarded the cup and needs but one more victory for permanent ownership.

Open New Atlanta Branch

ATLANTA—The Shenandoah Life inaugurated a new branch in Atlanta with a banquet to the company's representatives.

C. H. Smith, Jr., formerly an agent in Albany, Ga., who becomes superintendent for Georgia and Alabama, presided and introduced President Paul C. Buford and Vice-president Worley Harr.

Ryan Heads Lackey Agents

DETROIT—F. W. Ryan became president of the Agency Association of the G. E. Lackey general agency of Massachusetts Mutual Life for 1941 by virtue of his 1940 production. H. B. Ruhl, agency leader, was not qualified for the presidency because of having served last year. Other officers are Dr. J. D. Findlayson, Ann Arbor, vice-president (reelected), and L. B. Ely, reelected secretary. Miss Ruth Hine, leader of the women's division, is treasurer. The Lackey agency is celebrating, having been formed 36 years ago. Mr. Lackey took charge about 10 years ago.

Siegrist Wins Production Cup

PEORIA, ILL.—D. C. Siegrist, Peoria, was awarded a cup for the year's best production achievement by the Continental Assurance at the central Illinois agency's annual meeting here. Charles Cravens, educational director, and Joseph Whittington, supervisor of agencies, were present.

Honor Penn Mutual Leader

The S. B. Gregory general agency at Fort Wayne, Ind., of the Penn Mutual Life held a banquet to pay tribute to Lowell L. Newman, who led the entire company last year. R. P. Banks, Cleveland general agent, spoke.

Illinois Group Wins Trophy

PEORIA, ILL. — Trophies were awarded to the Illinois Boosters, an organization of North American Life agents at the annual meeting here. The

Boosters won the trophy for obtaining the largest volume of business in 1940, in competition with 21 other state organizations. Joseph Bruckman, Peoria, won the state award for largest volume of applications and Bonnie Weaver, Peoria, received the state paid-up business trophy.

Paul McNamara, vice-president; C. G. Ashbrook, superintendent of agencies, and George Melberger, policy department head, were present.

Agency Celebrates Production Lead

DYERSBURG, TENN.—The Dyersburg, Tenn., agency of the Commonwealth Life, headed by C. D. Haskins, general agent, held a celebration dinner following the announcement that it had for the second year in succession led agencies of the company in production. The agency covers all of west Tennessee.

POLICIES

Lincoln National Brings Out "Continuator" Form

Lincoln National Life has brought out a "continuator" policy which is yearly reducing term to age 65 sold only in units of \$10 monthly income at a flat rate for all ages of \$22.50 per year. No lump sum arrangement will be made, the single exception being that if no beneficiary survives at the death of the insured, the income will be commuted and paid to the estate in a lump sum.

The continuator was designed purely to replace the assured's income lost at his death. The flat premium is made possible by the fact that the amount at risk reduces steadily as the assured's age and relative mortality increase. The policy is designed to fit especially well the needs of a widow who has no children and would get no payments under social security until she was 65, or a widow with children in the period before age 65 and after her youngest child reached age 18, when she would not receive her widow's and children's allowance.

It is also well suited to provide income protection for the person who has an independent investment program which in the earlier years will provide insufficient principal for an adequate income to the family if the head should die.

The contract will be issued on a sub-standard basis and a waiver of premium benefit also will be written at an additional premium.

The minimum premium is 2½ units or \$25 monthly income payment. As yet the Lincoln National has indicated no maximum limits.

Approves Railroad Plans

In commenting on the railroad situation in its annual statement, the Northwestern Mutual Life states that the reorganization plans that are farthest advanced reflect sound principles, are fair and equitable and give due recognition to the rights of each class of creditors and stockholders. Present reorganization plans approved by the Interstate Commerce Commission and the district courts offer a sound basis for railroad finances now and in the foreseeable future, it is stated.

Name Illinois Chairmen

SPRINGFIELD, ILL.—A. J. Bidwill, River Forest, is the new chairman of the Illinois senate insurance committee and H. L. Topping, Kankakee, heads the house committee. Both are Republicans.

N. G. Fla. Moro, is vice-chairman of the senate group and Arthur Sprague, LaGrange, is vice-chairman of the house committee.

Just the thing to convince hard boiled prospects—"24 Men in 24 Years." Order 8 booklets for \$1 from National Underwriter.



TO THE KEEPER OF THE BUDGET

To the keeper of the budget, "joy" is an income of a dollar and an outgo of ninety cents, while "gloom" is an income of a dollar and an outgo of a dollar and ten cents. The saving of a surplus, however small, is the first step toward economic success. Saving through life insurance in a company such as the Massachusetts Mutual is simply buying a greater future good by a smaller present sacrifice.

Massachusetts Mutual LIFE INSURANCE COMPANY

Springfield, Massachusetts

Bertrand J. Perry, President

81 YEARS OF SERVICE

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA NEW YORK CITY



A MUTUAL COMPANY
ESTABLISHED 1860

LIFE SALES MEETINGS

Mutual Life Holds Managers Parley

ST. PETERSBURG, FLA.—J. P. McNeil, Jacksonville, welcomed the 75 Mutual Life of New York managers at their conference here. Home office men present included President L. W. Douglas, George A. Patton, vice-president and manager of agencies, who directed the sessions; Henry Verdelin, vice-president and manager real estate department; Dr. E. F. Russell, vice-president and manager of selection; J. B. Maclean, associate actuary; G. A. Sattlem, superintendent of agencies, and J. Roger Hull, assistant superintendent of agencies.

President Douglas spoke on "Our Company," Mr. Verdelin discussed mortgage loans. C. J. Currie, Atlanta, spoke on "Stimulating Our Agency Forces" and Dr. Russell and H. B. Caldwell, Oakland, spoke on "Selection and Its Problems."

Kassoff and Patton Talk

J. L. Kassoff, New York City, discussed "Building a full-time organization in the metropolitan area" and Vice-president Patton the new policy. R. E. Myer, Detroit, spoke on "Planning for Present Day Opportunities" and Mr. Hull on "Coordinating Our Efforts."

Plans for meeting production requirements were outlined by J. H. Knox, Nashville; "Attaining the Objective in a Rural Territory," by H. A. Nelson, Sioux City, and "Recruiting, Training and Supervision" was covered in a forum with Mr. Sattlem acting as interrogator, assisted by C. E. Brown, Grand Rapids; C. J. Frey, Erie; W. K. Hood, Portland, Ore., and C. J. McCoy, Cincinnati. Comments upon points brought up during the forum were made by Mr. Patton.

F. J. Joyce, Phoenix, talked on "Optimism in Our Work," Mr. Maclean on "Current Topics," H. W. Moore, St. Paul, "Building Agency Morale," J. H. Blackman, Jr., Scranton, "Developing and Maintaining Agency Prestige," and A. F. Maas, Pittsburgh, "The Manager's Responsibility." Mr. Sattlem discussed "Company Production."

The convention closed with remarks from President Douglas and Mr. Patton.

Republic National Has New Contract for Agents

The 24 general agents of Republic National Life held a three day meeting in Dallas.

After an introduction and response by company officials including Theo. P. Beasley, president; C. E. Hasting, secretary; T. M. Mott, vice-president and actuary; R. K. DuVall, vice-president and O. L. Burger, vice president; T. H. Galbraith, assistant secretary; M. Allen Anderson, director of agencies, then presented the new liberalized agency contract.

Mr. Anderson voiced the opinion the new contract will improve the agent's earnings by 25 percent and the persistency of his business.

The group attended the luncheon of the Salesmanship Club where Holgar J. Johnson, president of the Institute of Life Insurance, spoke.

Ricks Strong, general agent of John Hancock Mutual, gave a talk on "Agency Plans for 1941." With this exception the last two days were devoted to a complete explanation, with discussion, of the newly adopted sales training plan, "Successful Selling" and a plan for building the general agency.

Expects Greater Annuity Sales

LINCOLN, NEB.—A large increase in sale of annuities may be anticipated, W. D. Lane, Omaha manufacturer and past president Chamber of Commerce, told a meeting of agents of Northwest-

ern Mutual Life. Increasing tax burdens, especially inheritance taxes, will tend to cut down the amount of money that men may leave their families, he said, and inevitably many will purchase annuities. He chided the agents for not putting annuities and retirement types of insurance more before the public. Mr. Lane spoke as chairman of a committee of policyholders chosen annually to review the company's records from the layman's standpoint.

Laffer Agency Celebrates Chief's 25th Anniversary

The western Kansas agency of Northwestern Mutual Life in Wichita is holding a two day "Silver Anniversary" annual meeting Feb. 7-8, honoring General Agent H. W. Laffer on his 25th anniversary with the company. All veterans with the agency 10 years or more also will be honored. Dean of veterans is P. M. Anderson, former general agent, with 55 years' service; next J. O. Laffer, 31 years; J. N. Floyd, 30 years, and A. P. Reece and I. C. Renfrew, 25 years. With 13 others, the aggregate service is 400 years.

R. W. Emerson, assistant director of agencies, and Elgin Fassell, assistant actuary, from the home office will speak. Clarence Poindexter, former head of the Kansas agency, will present service buttons to agents with 15 or more years' service. The agents will attend a "Town Hall" meeting of the Chamber of Commerce, Mr. Laffer being general chairman.

A week's production campaign preceded the meeting, part-timers being expected to produce at least one application and full time agents two or more, with special prizes.

A series of district meetings was held in Salina, Concordia, Beloit, Great Bend, Pratt and El Dorado. All meetings were called at 5:30 p. m. and included both part-time and full-time agents. Following a dinner two-hour discussions were held.

Mass. Mutual Oklahoma Rally

About 40 from various parts of the state attended the annual agency meeting of the Massachusetts Mutual Life in Oklahoma City with J. Hawley Wilson, general agent, presiding. Speakers included A. D. Lynn, assistant director of agencies; James Marchese, manager benefit department; George Itting, counsellor for the St. Louis agency, and Frank Kiner, manager of the mortgage loan department in Dallas.

Based upon respective standing as producers for the year 1940, R. W. Dozier was elected president of the Oklahoma City Agents Association; Theodore Green, vice-president, and W. H. Lackey, secretary-treasurer. Each was presented a prize for production and Pearl Easley was awarded a prize for leading all women producers of the company in policies written.

Agents Honored at Meeting

G. H. Bonhajo, Flint, Mich., and J. E. Shear, Owosso, outstanding Mutual Benefit Life producers in outstate Michigan, were the guests of honor at an agency meeting in Flint and an appreciation dinner in Owosso at which B. C. Thurman, New York manager; R. B. Stotz, Grand Rapids general agent, and Bruce Palmer, supervisor Detroit agency, spoke.

Gumm Addresses Tri-State Meet

Karl G. Gumm, assistant superintendent of agencies National Life of Vermont, spoke before agents attending a three-day convention in Memphis. Agents from Arkansas, Missouri and Tennessee attended the session.

The Memphis agency was opened last March, with Clyde R. Welman as general agent. Mr. Gumm said the Memphis agency now ranks 31st among



34th ANNUAL STATEMENT

PEOPLES LIFE INSURANCE COMPANY

Frankfort, Indiana

For Year Ending December 31, 1940

ASSETS	
First Mortgage Loans on Real Estate	\$ 5,299,402.00
Real Estate Including Home Office Building	459,342.00
Real Estate Sold Under Contract	328,413.00
Loans on Company Policies	1,970,757.00
Bonds—Government, Municipal, Public Utility & Railroad	1,411,027.00
Stocks—Common and Preferred	173,775.00
Cash in Banks	932,580.00
Interest Due and Accrued	122,478.00
Net Outstanding Premiums	246,847.00
All Other Assets	6,098.00
Total Admitted Assets	\$10,950,719.00
LIABILITIES	
Reserve on Policies	\$ 9,304,942.00
Reserve for Losses, No Proofs Received	12,838.00
Premiums and Interest, Paid in Advance	80,341.00
Reserve for Taxes	41,839.00
Reserve for Trust Funds	241,391.00
Reserve for Coupons and Dividends	195,891.00
Contingency Reserve for Losses	331,195.00
All Other Liabilities	42,282.00
Total Liabilities	\$10,250,719.00
Capital Stock	300,000.00
Surplus Unassigned	400,000.00
Total	\$10,950,719.00
TOTAL ADMITTED ASSETS	\$10,950,719.00
INSURANCE IN FORCE	\$34,250,684.00
NEW BUSINESS WRITTEN DURING THE YEAR	\$ 7,747,000.00
PAID TO POLICYHOLDERS & BENEFICIARIES	
SINCE ORGANIZATION	\$12,371,993.00

PEOPLES LIFE INSURANCE CO.

"The Friendly Company"

FRANKFORT

INDIANA

FORWARD!



MORE THAN

\$820,000,000

INSURANCE IN FORCE

**AMERICAN NATIONAL
INSURANCE COMPANY**

GALVESTON, TEXAS W. L. MOODY, JR. PRESIDENT

all company groups. Mr. Welman stood fourth among the entire agency force of the company in personal production. High honors as leading salesmen during January were awarded to John S. White, Caruthersville, Mo., and W. U. Myers, Benton, Mo., district supervisor.

Mr. Welman was awarded a gold watch charm in recognition of 10 consecutive years as a member of the Leaders Club. Previously he was awarded a week's trip to the company convention to be held at Virginia Beach next September.

To Hold Six Regionals

ST. PAUL—Starting March 5, the Minnesota Mutual Life will hold six regional agents' conferences covering all states.

Senn Host to Leaders

MINNEAPOLIS—Ward Senn, president American Mutual Life of Des Moines, was host to several members of the President's club. J. J. Moriarty, vice-president, was present.

Burton Given a Horse

NASHVILLE—About 125 members of the southeastern division of the Life & Casualty at their annual meeting presented President A. M. Burton with a horse on his 62nd birthday. Mr. Burton expressed his appreciation naming the horse "Southeastern Lady."

NEW YORK

MISS MUMMA RETURNS TO N. Y.

Miss Elsie Mumma, who established a unique insurance record by writing life policies in 12 foreign countries on an extended trip around the world has joined Monnett & Vickrey, New York City. Miss Mumma will write general insurance as well as life and continue her international operations in various countries. The first woman to qualify for the Million Dollar Round Table, Miss Mumma wrote the equivalent of several million dollars of life insurance in her trip around the world, which took more than two years. It included stays in Canada, Alaska, Hawaii, Japan, China, the Philippines, the Dutch East Indies, Malaya, India, Egypt, Italy, France and England. She returned about six months ago from Canada.

Miss Mumma is a native of Pennsylvania and attended New York University. She sold life insurance in New York for some time before going on her trip around the world.

GARDINER AGENCY DRIVE

Getting off to a fast start, the Harry Gardiner agency of John Hancock Mutual Life in New York City, paid for \$1,000,000 of life insurance, \$1,000,000 of group, and wrote annuities equivalent to \$500,000 of credits. Offices have been renovated and the agency organization is now back on the 22nd floor, 225 Broadway, New York City.

DISNEY TO ADDRESS N. Y. ASSN.

Congressman Disney of Oklahoma will address the New York City Life Underwriters Association Feb. 13 at Hotel Pennsylvania on "Life Insurance Through the Eyes of a Public Official." He is a member of the house ways and means committee. His address will be broadcast over WEAJ and affiliated stations of the NBC red network.

KNIGHT AGENCY AHEAD

C. B. Knight agency of Union Central Life in New York City paid for \$2,254,085 in January as against \$1,805,478 for January, 1940.

BROOKLYN SUPERVISORS TO MEET

Capt. William Mearns, U. S. A., will speak on "Salary Savings as a Growing Field" at the Feb. 11 luncheon meeting

of the Brooklyn Life Supervisors association at the Hotel Bossert. Captain Mearns is a member of the board of directors of the Brooklyn Chamber of Commerce as well as being chairman of the Civilian National Defense Commission for Flying Cadets of the City of New York.

Sentiment in Cleveland Session of Research Bureau

J. M. Holcombe, Jr., manager, and B. N. Woodson, director of service of the Research Bureau, conducted a one-day management congress in Cleveland that was surrounded by unusual sentiment because it was in Cleveland in November, 1922, that the bureau made its initial study which is credited with being responsible for all of the bureau's research and publications on agency management.

A luncheon was held at which the present-day general agents in Cleveland were told of what their predecessors had done. Five general agents who cooperated with the bureau in 1922 were present and were given recognition. They are C. C. Dibble, Northwestern Mutual; E. M. France, State Mutual; Herman Moss, Equitable Society; W. L. McPheeters, Union Central and J. H. Rutherford, Phoenix Mutual.

In 1922, Mr. Holcombe and Frederick Hansen, the entire staff of the bureau, conducted their experiment in Cleveland. They had made out 73 questions on agency management and got the consent of general agents in Cleveland to submit to cross-examination. Each general agent was grilled for about eight hours. Ten general agents were questioned, five of them being those that were honored at the recent luncheon.

The information that was gotten together in Cleveland was assimilated and publications were made. These publications were the first of the bureau's extensive literature on agency management.

Ill. Agents' Status to Be Unchanged During Service

In consideration to agents and brokers leaving their businesses to enter some branch of U. S. military or naval service, Director Jones of the Illinois department has issued a special license ruling. Without the necessity of renewing his licenses, the agent or broker will retain the same qualifications needed, so that on his return he will be eligible to receive without examination licenses under the same classifications as those formerly held by him.

Original or renewal commissions may be paid to such absent agents and brokers, provided those handling such business are licensed.

Persons continuing the operation of an existing agency or brokerage firm on behalf of an absent agent or broker

are required to be properly qualified and licensed under the license act.

Limit on Service Men Is \$5,000

NEW YORK—Equitable Society will not issue more than \$5,000 new insurance to members of the regular military services, members of the national guard, and reserve forces. This limitation applies also to applicants called under the selective service act. No term insurance will be available to any applicant in these classifications. The

society will consider family income, special income and special protection forms of coverage with liability not exceeding \$5,000. The company does not guarantee this practice will be maintained; circumstances may require change of practice without previous notice.

Roger Bourland, district manager of Mutual Life at Cincinnati, has been appointed supervisor of the premium budget (salary savings) plan at the home office.

JEFFERSON STANDARD

The Quality-Minded Company

- ➔ Quality Selection
- ➔ Quality Training
- ➔ Quality Merchandising
- ➔ Quality Business
- ➔ AGGRESSIVE and PROGRESSIVE

JEFFERSON STANDARD LIFE INSURANCE CO.

JULIAN PRICE, President

GREENSBORO, N. C.

Strong

Progressive

Are You Willing to WORK for a Company Which Is Willing to WORK with You?

NORTH AMERICAN LIFE INSURANCE COMPANY

OF CHICAGO.

E. S. ASHBROOK
President

JOHN H. McNAMARA
Founder

PAUL McNAMARA
Vice-President

NORTH AMERICAN BUILDING, CHICAGO, ILLINOIS

Something New IN LIFE INSURANCE

A Pure Protection . . . ordinary or whole life policy without cash values

Our limited pay policies permit the withdrawal of cash values

Without cancelling policy

Without note, interest or reducing policy

Many other new features that appeal to thinking people

Commissions that will interest any salesman. Previous experience not essential

Interstate Reserve
Life Insurance Company
TEN EAST PEARSON STREET, CHICAGO

Sales Feature at Girard Life Parley

(CONTINUED FROM PAGE 5)

plained by W. H. Carpenter, medical director.

A large percentage of the population, particularly that segment most seriously affected by the depression, has been rejuvenated economically as a result of the rapidly increasing velocity of business, Vice-president George A. Adsit said in pointing to the greater sales opportunities. The life insurance business will be affected in direct proportion to the manner in which agents are organized to take advantage of the situation. It is now necessary to reclassify all prospects in the light of their new outlook and improved situation.

Mr. Adsit listed three 1941 objectives for the Girard Life field force: 1. An increase of 20 percent. 2. Continuation of quality sales work with a rejection rate no greater than the 7 percent recorded in 1940. 3. Acquisition of new business at reasonable cost.

E. C. Anstaett, president Town & Village Service, Columbus, O., general agent, told how his organization makes personal friends of all policyholders, which in turn solves the prospecting problem. The use of proposal forms has been effective as a basis for interviews and has increased the average policy size by more than 100 per cent, he reported.

P. L. Fleisher, Reading, Pa., general agent said salesmanship consists in "getting the other fellow to look at your proposition as you do."

At the annual dinner President Albert Short discussed the interest rate trend and its affect upon life company earnings. U. S. bonds owned by life companies have increased in the percentage of total assets from 1.8 percent in 1930 to 19.8 percent. Railroad bonds declined from 17 percent to 10.5 percent

of assets. Mr. Short said the public has failed to differentiate between good and bad railroad bonds, and life companies have missed some good opportunities for purchases during the last 10 years. Real estate and mortgages declined from 40 to 19 percent of total resources, due in a large measure to competition by government lending agencies.

The decline in policy loans from 14.5 to 10 percent of assets, he attributed in part to the activities of banks in lending on policies at lower rates of interest than insurance companies are allowed to offer. Mr. Short does not object to a bank lending on policies, but he does resent the inference by many bankers that life companies are charging their policyholders too much. The life company must make a large number of very small and costly loans, whereas the bank can accept only larger loans where the overhead cost is relatively less. Banks also have the option of raising interest rates or calling loans. The possibilities that banks may sometimes have to call their loans, has made it necessary for life companies to retain a larger amount of liquid assets than would otherwise be necessary.

Last year the Girard Life's railroad bonds acquired offered a yield of 3.53 percent, utility bonds 3.40 percent, industrial bonds 3.63 percent. Mr. Short reported that the yield of new investments continued to decline uninterruptedly throughout the year. Average yield on bonds purchased in the first half of 1940 was 3.65 percent, while purchases during the second half yield only 3.35 percent. This was due entirely to market conditions, since the quality of bonds purchased in the first half were just as good as those acquired during the latter six months.

The 1940 president's trophy was awarded to the Town & Village Service, York, Pa., M. L. Baker, manager. Runner-up honors went to Jay & Jay, Newark.

J. M. Laird, vice-president Connecticut General, and president of the Actuarial

Society of America, pointed out that life companies are discouraging use of their investment facilities by the more affluent. "During the depression life insurance, with its diversification of assets, stood up so well that many rich men bought annuities or insurance policies calling for a large initial premium. They realize how difficult it is for even the smartest individual to invest a substantial sum of money in such a way as to obtain an adequate net yield with safety of principal. They are therefore seeking to place large amounts with the life insurance companies in order to obtain a safe home for their funds. The companies do not relish this use of their investment facilities and practically every life company now refuses to accept more than a certain amount of money from any one person for this purpose. Life insurance is in fact not for the rich but for the normal, thrifty citizen."

Roger B. Hull, managing director National Association of Life Underwriters, spoke at the final breakfast session. L. M. Cathles, president North American Reassurance, was a guest.

Simplify Treasury Decision on New Federal Tax Basis

(CONTINUED FROM PAGE 3)

to Jan. 10, 1941, and only \$10,000 would be taxable after allowing the \$40,000 life insurance exemption.

"ESTATE & TAX NEWS" TREATISE

"Estate & Tax News" presents an illuminating treatise on the recent vital modification of federal estate tax regu-

lations.

"Federal estate tax regulations relating to taxation of life insurance proceeds have been drastically modified by Treasury Decision 5032, approved Jan. 10, 1941," it states. "Under the revised regulations the question of who paid the premiums is of outstanding importance, and questions of who possessed the legal incidents of ownership fade into the background."

"The statute (section 811 (g), Internal revenue code) includes in the gross estate all insurance receivable by, or for the benefit of, the estate of a decedent; and the amount receivable by all other beneficiaries as insurance under policies taken out by the decedent upon his own life to the extent of the excess over \$40,000."

"The new regulation (Art. 25) provides: 'Insurance receivable by beneficiaries other than the estate is considered to have been taken out by the decedent where he paid, either directly or indirectly, all the premiums or other consideration wherewith the insurance was acquired, whether or not he made the application. Such insurance is not considered to have been so taken out, even though the application was made by the decedent, if no part of the premiums or other consideration was paid either directly or indirectly by him.' If the insured paid a part of the premiums, a pro rata part of the proceeds are considered to have been taken out by him."

"However, if insurance is not taxable under section 811(g), it may, perhaps, depending on the facts, be taxable under some other provision of the law, such as that relating to contemplation of death."

"Article 27 provides that of the

Enchantment of Mardi Gras

One hundred and fourteen years ago, in 1827, Mardi Gras in New Orleans was originated and later became an annual event. From dawn till midnight on Mardi Gras day, the streets are crowded with gay throngs in fancy and comic masquerade. At eleven o'clock in the morning, the Pageant of Rex appears; an amazing spectacle of fantasy depicting some mythical theme from a story book era or a vivid yarn from the world of yesterday.

It is amid this gaiety and enchantment that Pan-American Fieldmen will gather for four days in New Orleans. Following the Mardi Gras activities, Pan-American Representatives will convene for a three day session to discuss timely and interesting topics; to exchange ideas; to get to know their fellow Representatives and renew old acquaintances.

So it's onward to the Mardi Gras in New Orleans for Pan-American Fieldmen this month.

Several General Agency openings available for men—not now connected—who can measure up to Pan-American standards.

Address

FRANK T. LIMONT, GENERAL MANAGER OF AGENCIES

PAN-AMERICAN LIFE INSURANCE CO.
New Orleans, U. S. A.

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President

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The Mutual Benefit

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3 1/2% NET 2 AVERAGE FOR FEDERALLY INSURED INVESTMENTS UP TO \$2,500,000 WITH NO MARKET FLUCTUATIONS

Your entire sum is Federally insured by an Agency of the U. S. Government and free of fluctuations in principle. Legal for insurance in most States; accepted as an admitted asset.

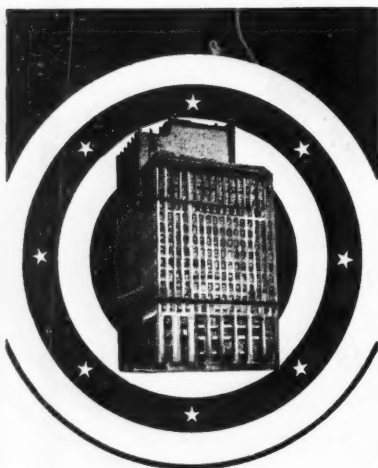
Funds are quickly available through the prescribed policy of the Insured Associations and by membership in the Federal Home Loan Bank. Earnings are exempt from normal Federal Income Tax.

Offering Federally Insured Savings & Loan Associations . . . all members of the Federal Home Loan Bank System . . . we act as your advisor in the placement of Investment Accounts . . . place with groups of associations in units of \$5,000, using our lists and current statements. No fees or brokerage charges.

Insurance Companies, Trusts, State-Chartered Building & Loan Associations, and State Banks (in most States) are legally permitted to invest in Federally Insured Savings & Loan Associations. Without obligation . . . ask for particulars—WRITE OR WIRE.

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**General Agency
OPPORTUNITIES
for good personal
producers**

**Central Life
INSURANCE COMPANY
of Illinois**

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211 WEST WACKER DRIVE, CHICAGO

amount of insurance 'taken out' by the decedent, there shall be includible in his gross estate the aggregate (less \$40,000 exemption) of:

"(1) All of the proceeds attributable to premiums paid after Jan. 10, 1941.

"(2) All of the proceeds attributable to premiums paid on or before Jan. 10, 1941, and with respect to which the decedent possessed any of the legal incidents of ownership at any time after such date or, in the case of a decedent dying on or before such date, at the time of his death.

"It would appear that under the amended regulation insurance issued after Jan. 10, and insurance issued prior thereto if the insured retained any of the legal incidents of ownership, must be included in the insured's taxable estate (subject to \$40,000 exemption) if the insured paid all of the premiums. If the new regulations are sustained, whether or not the insured possesses any of the legal incident of ownership will be immaterial with respect to insurance issued after Jan. 10.

"The following example, adapted from an example in the new regulations, illustrates how policies issued prior to Jan. 10 will be taxed where the insured had relinquished all of the legal incidents of ownership.

"Insurance on the life of Mr. A, who died after Jan. 10, 1941, totalled \$200,000. It was payable to his son as beneficiary, and Mr. A never possessed any of the legal incidents of ownership therein. Premiums aggregating \$100,000 were paid for the insurance. Of this amount, Mr. A paid \$50,000 on or before Jan. 10, 1941, and \$30,000 after that date. The remaining premiums of \$20,000 were paid by the son. Since 3/10ths of the total premiums were paid by Mr. A after Jan. 10, a corresponding amount of the proceeds, \$60,000, are taxable. However, the \$40,000 special insurance exemption may be subtracted from such \$60,000, and the amount includible in Mr. A's estate, therefore, will be \$20,000. Since Mr. A did not possess any of the legal incidents of ownership, proceeds attributable to premiums which he said prior to Jan. 10 are not taxable. Likewise, proceeds attributable to premiums paid by the son are exempt."

New Item in Historical Series

A folder "I Would Save the Union . . .," reprinting portions of a letter by Lincoln to Horace Greeley, responding to a New York "Tribune" editorial asking for a statement of Lincoln's war aims, has been issued by Northwestern National Life as item No. 34 in its historical series. It is timed for distribution in connection with Lincoln's birthday.

On the cover is reproduced a photograph of the statue of Lincoln in the Lincoln Memorial at Washington, and there is a photograph of the Memorial's exterior and a description of it inside.

Four Indicted in Birmingham

BIRMINGHAM, ALA.—A scheme to get rich through fraudulent life insurance manipulations, which postoffice inspectors said ran the gauntlet from applying for policies on the lives of fictitious persons to burying them in obscure graves, came to grief in federal court here when four of five persons indicted for violating postal laws pleaded guilty before Federal Judge Cox. They were charged with conspiring to send letters through the mail in execution of a scheme to defraud the Federal Postal Employees Association of Denver and the General American Life of St. Louis.

Iowa Bills Introduced

DES MOINES—Senate file 182 introduced in the Iowa legislature allows life, endowment or annuity contract of legal reserve life companies to be included in investments of trust funds by fiduciaries.

Senate file 185 authorizes minors over 18 to be competent to receive up to \$2,000 in life insurance benefits. Senate file 181 authorizes minors not less than 15 years old to contract for life insurance.

RECORDS

Mutual Benefit Life—New business paid for in 1940 gained 5.5 percent and lives increased 4 percent. Production was \$123,529,135 on 27,765 lives, highest since 1938. Insurance in force increased by nearly \$20,000,000 to a total of \$2,068,361,343. Agencies generally increased production; 59 percent had a better year, and of agencies with new management since 1935, 69 percent showed gains.

Production clubs increased in membership: Leaders' (\$100,000), 8.3 percent increase in number of men qualifying, and Lives Leaders' (50 lives paid-for), 35.8 percent increase. The number of men paying for more than \$500,000 increased 58 percent; over \$400,000, 55 percent; over \$300,000, 48 percent, and over \$200,000, 30 percent.

Pacific Mutual Life—New paid business in 1940 totalled \$37,782,330, a \$4,179,110 increase. Life insurance in force totals \$587,900,115.

State Mutual Life—January paid business was 11.56 percent ahead of January, 1940, making it the 12th consecutive month showing gains. There has also been a large increase in 1940 business experience in returns from brokers, including a 55 percent increase in number of brokers participating in total volume, a 47 percent increase in paid volume from this source, and a lives increase of 43 percent.

Among agencies showing gains of 50 percent or more in paid business over January, 1940, were Omaha, Louisville, Baltimore, Memphis, Burlington, Worcester, Los Angeles, New York, Knoxville and Pittsburgh. Four of these were among the first 10 nationally in paid business, the leaders in order of their January paid volume being New York, Cleveland, Detroit, St. Louis, Chicago, Minneapolis, Worcester, Memphis, Concord and Pittsburgh.

Home Life of New York—Paid for business for January was 23 percent ahead of the total for January, 1940, and 20 percent ahead of the average production in January for the past five years. During the month 60 leading producers and general agents were at the company convention in Florida.

The general agents had designated January as appreciation month. General Agents Leo Minuskin, Paterson, N. J., and Russell M. Simons, New York, were in charge of the campaign.

California-Western States Life—A 50 percent gain in new life production in January. January sales surpassed December, which was the best December in history.

Cramble-Landt & Co., Northwestern National Life, Chicago.—Stood ninth countrywide on a paid basis last year and sixth for written business for January.

Ask Minimum Capital Change

OKLAHOMA CITY—Senate bill 86 introduced in the Oklahoma legislature requires all insurance companies to have \$100,000 paid up capital or surplus. Fidelity or surety company limit would be \$400,000. The bill would not reduce the net assets required of Lloyd's. An emergency clause is attached. The bill covers fraternal. Commissioner Read approves the measures.

The house insurance committee has approved a bill permitting companies to invest in industrial corporations, stocks and bonds with proper qualifications and restrictions.

McMillen Leads Northwestern

Leading general agencies of the Northwestern Mutual Life in new business produced in 1940 are, in order: C. L. McMillen, New York City; Hobart & Oates, Chicago; V. M. Stamm, Milwaukee; B. J. Stumm, Aurora, Ill., and Cameron & Carroll, Oshkosh, Wis. States in the order of new business, as well as total insurance in force, are: New York, Illinois, Wisconsin, Ohio, Pennsylvania and Michigan.

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COATES & HERFURTH
CONSULTING ACTUARIES
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and
DONALD F. CAMPBELL, JR.
Consulting Actuaries
100 N. La Salle St. Chicago, Illinois
Telephone State 1330

WALTER C. GREEN

Consulting Actuary
Franklin 2633
211 W. Wacker Drive, Chicago

HARRY S. TRESSEL

Certified Public Accountant and
Actuary
10 S. La Salle St., Chicago
Associates
M. Wolfman, A. A. I. A. Franklin 4030
N. A. Moscovitch, Ph. D.
L. J. Lally

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Haight, Davis & Haight, Inc.

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HARRY C. MARVIN

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Established in 1885 by David Parks Fackler
FACKLER & COMPANY
Consulting Actuaries
Edward B. Fackler Robert O. Holm
8 West 40th Street New York City

Consulting Actuaries
Auditors and Accountants
S. H. and Lee J. Wolfe
Lee J. Wolfe
William M. Corcoran
Joseph Linder
118 John Street, New York, N. Y.

PENNSYLVANIA

FRANK M. SPEAKMAN

CONSULTING ACTUARIES
Associates
Fred E. Swartz, C. P. A.
E. P. Higgins
THE BOURSE PHILADELPHIA

LEGAL RESERVE FRATERNALS

Pink Speaker at N. Y. Congress Rally

While there are still some supervisory problems in connection with fraternal societies, Superintendent Pink declared in a talk at the annual meeting of the New York Fraternal Congress held in New York City, he is well satisfied with the situation and feels the fraternal picture of insurance. One of the chief difficulties is too large a proportion of fraternal investments in real estate mortgages, he said. He noted that a new law restricts real estate investments of life companies to 40 percent and urged the fraternalists to observe this regulation.

Another problem is high lapse ratio and inadequate premium rates to provide for the increased ages of certificate holders. High cost and high lapse rate has been responsible for most of the criticism of industrial insurance, he said.

Foreign Fraternalists Watched

The superintendent referred to the provision in the new code which concerns foreign fraternalists and the regulations for their entry into this country. "There are 82 United States branches of alien insurance companies in this country and none of them have ever failed in their obligations, irrespective of what the conditions abroad have been," he said. "Their moneys cannot be withdrawn from this country without the consent of the superintendent, and this same provision includes the fraternalists now coming in."

J. J. Rossbottom, New York, Independent Order of Foresters, congress president, thanked Pink for his cooperation and fair treatment of fraternalists. Fraternalists should not try to compete with life companies, he said, but should adhere strictly to the literal meaning of the word "fraternal."

Other Speakers on Program

Capt. F. H. X. A. Eble, managing director Made in America Foundation, spoke on "Fraternalism as an Antidote to War," urging increased membership in societies and a spirit of good fellowship to stimulate interest of young people. Arthur Hamilton, "Fraternal Monitor" spoke briefly, reporting the fraternalists have done good work in combating so-called insurance counselors. He urged certificate holders to take a greater interest in their contracts.

W. D. Benedict, Modern Woodmen, executive committee chairman, reported on legislative work. The New York code is far from satisfactory to fraternalists, but it is a beginning and helped to eliminate a number of bills persistently introduced in the legislature and opposed to fraternalists. No bill ever has passed the legislature which fraternal societies have opposed, he said. He commented on the new congeniality and good feeling existing between fraternal societies and life companies, which was evidenced at the Life Presidents meeting in December.

Chairman Benedict offered a resolution, which was adopted, that the congress favor and recommend changes, improvements or amendments in the New York financial responsibility law relating to operation of automobiles.

Officers were reelected: President, Mr. Rossbottom; vice-president, R. L. Dilley, Syracuse, Ben Hur Life; secretary-treasurer, F. S. Faye, New York, Junior Order Benefit Association.

A new office, second vice-president, was created. Mrs. Loretta Groves, Utica, Woodmen Circle, was named to the post. She has been one of the most active members. This is the first time a woman has been elected an officer of the congress.

Executive committee members are: Chairman, W. D. Benedict; E. R. Dem-

ing, Syracuse, Unity Life & Accident; J. E. Long, New York, Woodmen of the World; Mina M. Wood, Utica, Royal Neighbors; J. H. Schmitt, Baltimore, Aid Association for Lutherans.

Youth Program Is Endorsed to N. F. C.

A proposal was approved at a meeting of fraternalists in Chicago to recommend to the N. F. C. that it sponsor a two-day gathering of "Young Fraternalists of America" in the age group 16-30, this activity to be conducted under a special youth activity committee appointed by the N. F. C. president. The general theme, "Youth Speaks on Fraternalism," was suggested. It is hoped to hold an experimental meeting of this type in an attempt to organize a permanent youth's organization.

The discussion developed there is a real need for such a program. The societies more and more are coming to recognize their future strength will lie in the young blood they can enlist. Several societies have annual conventions of the younger members.

To Petition N. F. C. on Plan

Fred A. Johnson, vice-chief archon Royal League, chairman, was directed to communicate with President A. O. Benz of the N. F. C. and through him to petition the national executive committee to reserve time for the youth's meeting at its next annual meeting in September.

Mr. Benz, president Aid Association for Lutherans, and Mrs. Dora Alexander Talley, head of Woodmen Circle, past president N. F. C., addressed the conference, which was attended by 32 representatives of 17 societies. Chairman Johnson is chairman of the N. F. C. committee on lodge activities.

Other speakers, with their subjects, were Miss Ruby Gene Beaver, Woodmen Circle, "The Need for an Organized Youth Program;" Miss Dorothea Nelson, Woman's Benefit, "The Kind of a Program Which Will Appeal to You;" Mrs. Dorothea Schneller, Royal League, "A Suggested Organization Plan for a Youth's Gathering;" and Mr. Johnson, "An Entire Generation Has Been Lost."

Program Gets New Members

A representative of a society stated it was found necessary to organize a school to train leaders for this type of work. These leaders simultaneously were receiving instructions in local lodge operations and provisions of insurance contracts. The program has been conducted for five years. Another society reported a recent youth's convention that it held was directly responsible for securing about 2,200 new members.

D. of C. Fraternal Converts; Now American Home Mutual

American Workmen Life of Washington, D. C., a fraternal, has been converted into a regular mutual life company, the new title being American Home Mutual Life. The fraternal was organized in 1908 and since 1923, N. F. C. 4 percent reserves have been maintained on outstanding certificates. As of Dec. 31, 1939, it had assets \$609,105, certificate reserves \$262,418, contingency reserves and surplus \$333,537. Premium income was \$156,235. There was a mortality ratio of 160.11. Interest earned was 3.35 percent and insurance in force was \$2,809,685.

J. B. Harrell, Sr., is president; R. T. Harrell, vice-president; C. G. Harrell, treasurer; James H. Washburn, actuary.

Ill. Fraternal Supervisor Resigns

B. W. Risse, for eight years fraternal supervisor in the Illinois department of insurance, has resigned to join the in-

IN STEP WITH THE TIMES

On January 1 Maccabees field men went out to look for prospects with a brand-new rate book for ammunition. More than a modern, streamlined, easy-to-read rate book, it was documentary evidence that The Maccabees is a modern, up-to-the-minute insurance institution.

Here's the evidence offered by those 385 pages:

All Maccabees plans are based on a 3 percent American Men Table of Mortality. (This change makes The Maccabees the first fraternal insurance society to adopt the new standard of rate calculation and places it in the select company of progressive Old Line institutions which have made a similar move.)

The addition of Family Income, Retirement Income at 55, 60 and 65 and Life Paid Up at 65 for children brings the number of sound, saleable plans on The Maccabees comprehensive list to 42.

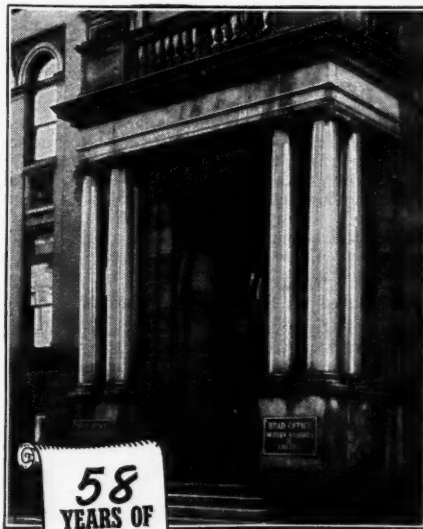
THE MACCABEES
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A \$90,000,000

Society

Entering upon its fifty-ninth year, looks confidently to an ever-widening spread of fraternal life insurance service to the people of America in the years ahead.

1883
\$620,000,000
paid in benefits
1941



58
YEARS OF
SERVICE

MODERN WOODMEN OF AMERICA

HEAD OFFICE

ROCK ISLAND, ILLINOIS

vestment house of E. W. Thomas & Co., Chicago. He formerly was with the legal and investment divisions of the Court of Honor, Springfield; Springfield Life and Abraham Lincoln Life.

Addison Klophe, Mr. Risse's assistant in the fraternal department, is in charge for the present.

Speakers for Law Group Chicago Meet Announced

The meeting of the Fraternal Society Law Association to be held in Chicago will be two days, Feb. 21-22, at the Morrison hotel. Arthur J. Donovan of Chicago, president, will preside.

The full program has not been arranged but briefs on insurance law topics will be delivered by Edmond S. Cummings, Jr., Chicago, general attorney Catholic Order of Foresters; James W. Cotter, Chicago, associated with Arthur W. Fulton in legal work for fraternal societies, and David Hersh, Detroit, of the Maccabees legal department.

It is likely the Washington Day address will be eliminated this year.

The other officers are: Past president, A. J. Abbott, Detroit; vice-president, W. T. Ewan, Kewanee, Ill.; treasurer, J. W. Randall, Dallas, and secretary, Richard F. Allen, general counsel Standard Life of Topeka, Kan.

Illinois Rally April 30-May 1

The 1941 Illinois state convention of Modern Woodmen will be held in Peoria April 30-May 1. Thomas Hage, Peoria, is state manager.

Nine Get F. I. C. Designation

The following recently have passed the fraternal insurance counselor examinations and have received the F.I.C. degree: Aid Association for Lutherans, Appleton, Wis., George V. Krampien and Elmer Thom; Maccabees, Detroit, Robert H. Bowyer, Hobert Carrigan, Arthur F. Devine, Ben Magid, Claude W. Mullennix, W. K. Blewett, and Vinton E. Sollars.

O. E. Aleshire, president of Modern Woodmen, has returned from Helena, Mont., here he spent a few days visiting a daughter. Towards the latter part of this month, he intends to go to Tucson, Ariz., for a vacation.

William Robertson, Jr., Lincoln, Neb., past national president Ben Hur Life, died after a long illness. He joined Ben Hur in 1896 only two years after it was formed and was named a national official in 1914. Mr. Robertson was elected national judge in 1916, that post corresponding to president, and in 1920, past chief, which office he had held since. J. C. Snyder assumed the presidency in 1923. Mr. Robertson conducted a large furniture business in Lincoln.

Mutualization Plan Is Approved

(CONTINUED FROM PAGE 4)

Serious consideration never was given to any of these offers, Mr. Wilson said. Pioneers in development of the company were John H. Ames, W. C. Wilson and D. W. Cook, and concentration of ownership of the \$500,000 stock has been in the hands of their sons and grandsons who are now and have been represented in important posts in the management. Howard S. Wilson succeeded his father as president on the latter's death in 1918.

Many Offers Were Rejected

Because of these facts a special pride of management that had its root in family tradition and inheritance marked the company's 54 years history. Along with it was a sense of responsibility to the policyholders who had made success possible, and this fact coupled with a long-established policy based on the theory that real trusteeship demands

FINANCIAL FREEDOM
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TRUE FRIENDSHIPS
★
FAMILY SECURITY
with
FRATERNAL LEGAL RESERVE LIFE INSURANCE

NATIONAL FRATERNAL LIFE INSURANCE WEEK
MAY 5-10, 1941

This attractive poster in three colors is to be used in the National Fraternal Week campaign May 5-10. It will be displayed in lodge halls and public places by various fraternal organizations. A business-getting campaign has been prepared featuring financial freedom and the liberty bell. Samples can be secured by writing the National Fraternal Week, Room 230, 440 South Dearborn street, Chicago.

that the interest of the policyholder is always of first importance, not only caused rejection of outside offers of purchase, which usually centered around \$5,000,000, but impelled the stockholders to take for their interest under the mutualization plan only 60 percent of what an independent appraisal found to be the value.

The valuation was made by Woodward, Ryan, Sharp & Davis of New York City, aided by the Doane Agricultural Service of St. Louis, which made a survey of farm properties. The matter of mutualization had been informally discussed for several years by officers, but it was not until some six months ago that the first step was taken. In order to secure a fair outside appraisal the Nebraska department was asked to pick the appraisers, and the appraisers named made their report a few weeks ago. The appraisal totaled approximately \$5,000,000.

Based on Surplus Withdrawals

Retirement of the stock will be financed from the general surplus, now in excess of \$3,700,000, representing largely past undistributed earnings, stock dividends having been held to 8 percent during the last 10 years. The withdrawals from this fund will be in such instalments as will be justified by future business conditions, but officers estimate during most of the period during which retirement is continued the withdrawals will exceed increments to the fund by so small a figure as to justify the statement that a full and adequate protection to policyholders will be maintained. This surplus is in addition

to the usual reserves and surpluses.

Another factor of considerable importance was that as most of the fortunes of the chief stock owners are invested in this institution, the heavy federal estate and state inheritance taxes might eventually result in stock control landing in outside hands, possibly those of promoters, and certainly of those with no company traditions to maintain. In order to insure continuity of management all the stockholders signed an irrevocable trust agreement, naming Howard S. Wilson, E. C. Ames and D. W. Cook as trustees, with full powers of management. This action strips the stocks of voting power or salability, insuring management continuity for the period of transition.

Still another factor was the manifest trend toward writing participating policies. It was stated last year 62 percent

of new business was on the participating plan.

He visualized three phases of mutualization: the first with business going on as usual, all kinds of policies being written, with some emphasis on participating policy sales; the second, in which non-par sales will be distinctly discouraged, and third, in which only participating insurance will be written by what will be to all intents and purposes a mutual company.

Three new directors were elected at the annual meeting, John H. Ames, George B. Cook and H. P. Stebbins, who have been junior officers for a number of years.

New business written in 1940 was \$9,481,000. Lapse and mortality ratios materially decreased; payments to policyholders were \$3,863,000, of which \$1,200,000 was in dividends. There was a slight increase in income from investments. Total assets were \$39,760,000, a slight decrease. Insurance in force was \$119,500,000, also a small drop due to retirement of old 20 payment deferred dividends, last of which will fall due in the early '40s.

C. L. U.

Gray Speaks in Los Angeles

LOS ANGELES—Knowledge of life insurance business isn't worth anything unless the agent can convert that knowledge into terms the prospect can understand, A. E. N. Gray, assistant secretary Prudential, declared before the Los Angeles C. L. U. chapter.

Mr. Gray criticized the service approach. Agents can't fool prospects into believing they aren't selling life insurance, he said. A prospect does not buy life insurance with dollars but with the things he was willing to go without. Tribute was paid to the late John Newton Russell, Pacific Mutual Life.

President A. C. Duckett, Northwestern Mutual Life, cited the latest tax rulings.

The committee on agents' compensation and pensions made its report, which was adopted.

Wilson Oklahoma City Chief

J. Hawley Wilson, general agent Massachusetts Mutual Life, was elected president of the Oklahoma City C. L. U. chapter, with Edgar Van Cleef, National Life of Vermont, as vice-president and W. J. Wilson, New York Life, secretary-treasurer. The chapter will be host to the southwestern regional conference of the American College of Life Underwriters Feb. 28-March 1 in Oklahoma City.

Fort Wayne, Ind., Chapter Elects

K. D. Robinson was elected president of the Fort Wayne, Ind., C. L. U. chapter. G. J. Brown is vice-president, and Mrs. Zura Z. Brown, secretary-treasurer.



A GREAT FRATERNAL

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The largest legal reserve life insurance organization exclusively for Synodical Conference Lutherans.

Appleton, Wisconsin

Alex. O. Benz, Pres.

Otto C. Rentner, Vice-Pres.

Wm. H. Zuehlke, Treas.

THE WOMAN'S BENEFIT ASSOCIATION

Founded 1893

A Legal Reserve Fraternal Benefit Society

Elna West Miller Supreme President Frances D. Partridge Supreme Secretary

Port Huron, Michigan

Sales Ideas and Suggestions

Prospect Inventory Based on Needs Gets Results

DETROIT—A "prospect inventory" which enables agents to check their strengths and weaknesses and helps them to qualify their prospects, recently inaugurated in the Penn Mutual general agency in Grand Rapids with excellent results, was described before the Associated Life General Agents & Managers of Detroit by K. W. Conrey, head of the agency and past president Michigan Association of Life Underwriters.

Just a list of prospects is not enough; it is much better to have a list of prospects with the needs they have to fill, Mr. Conrey declared. If the prospect can be shown that he has a definite need to fill and if he has any buying power at all, then the sale is almost automatic.

Must Be Qualified By Need

Formerly Mr. Conrey had each man submit a list of 30 prospects each month. Now he insists that they enter these prospects on a "prospect inventory" which has 15 columns for the different types of insurance. If a prospect cannot be qualified under one of these heads, then the agent is instructed to tear up the card and forget him. Every agent must approach his prospects with a definite proposal in mind or must stay away from them until he can do so.

The prospect inventory form has columns for these forms: Retirement income for young men, 20-35; retirement income for young women; retirement income for older men, 35-50; family income; mortgage insurance; insurance on wives; educational policies clean-up fund for men; conversion of term; partnership, corporation and tax insurance; retirement income for uninsurables; salary continuance; junior insurance and annuities. Each column has space for 50 or more prospect names, and the men are required to inventory and qualify their entire prospect files. This procedure will be repeated every 60 days.

These needs columns also suggest prospects. For example, if an agent has few or no prospects in the mortgage insurance column, Mr. Conrey asks him if he doesn't know some one who has a mortgage on his home.

Stressing the need for new blood, Mr. Conrey presented interesting statistics. In 1938 he recruited 11 new men. In their first year they paid for \$327,000, which was 12.6 percent of the agency's production. Of these 11, he lost four the first year, four the second and one more last year, leaving a permanent addition of two men. In 1939, eight new men were contracted, and paid for \$485,000, 15.6 percent of the total. Four men dropped out the first year and one more in 1940, leaving three. In 1940, nine men contracted produced \$252,000, 7 percent of total. Two contracts were cancelled during the year, leaving seven.

Results from New Men

Thus in three years 28 men were added and 12 are still with the agency. These men paid for a total of \$2,006,000 in these three years, which represents 22.8 percent of the entire agency's production. In 1940 alone these men paid for \$819,000, or 24 percent of the agency's total.

In 1939 the agency showed an increase of 24 percent, but without the new men the increase would have been but 17 percent. In 1940 the .5 increase would have been wiped out except for the first-year men.

Figures show that each new man will account for about \$40,000 of first-year business. "In 1941," Mr. Conrey said, "we hope to get \$400,000 of new business from new men, so we know that we must add 10 new men in order to do it."

A study of sources of new men during the three years shows that 96.3 percent of them are personal friends of the general agent or supervisors, centers of influence and agents, 39 percent being friends of Mr. Conrey.

of \$10,000 a year from annuities and has life insurance and annuities for his sisters. He also made provision for one of his life insurance policies to be paid to the medical school from which he graduated.

Where the Estate Goes

Mr. Connell said that 30 percent of the average estate is used up in paying debts, administration expenses and estate taxes. Since the average estate has about 5 percent in cash, securities must be sold to make up the difference unless there is life insurance.

Saying that a good business investment is often a very poor widow's investment, he said that it is remarkable that men will work all their lives to build up an estate and yet refuse to give half an hour a year to devise a system of distribution that will make the proceeds fulfill their aims and limit the hand of the tax gatherer to a minimum.

Why and When Men Buy First Policies

To learn why and when men buy their first insurance, C. Hampton Price of the Franklin E. Herb Penn Mutual agency, Salt Lake City, sent a mimeographed questionnaire to 104 successful representative business and professional men in his territory.

He received 52 replies, indicating that the men bought their first policy at the average age of 21 and that the policy averaged \$2,465. Ordinary life was purchased by 38 percent; twenty-pay by 38, and twenty-year endowment by 22, with the remainder miscellaneous.

The purpose for which the first policy was purchased was saving and investment for 46 percent; wife or family for 30 percent, and protection of parents, 24 percent. Of the group 24 had been married and had families; 6 had just been married.

Income at the time of purchase of the first policy was \$105 a month.

About 50 percent said they would take the same thing if they were to do it over, while the other 50 would try to take a larger policy.

One man who had been earning \$17 a month saved \$4 of it on a twenty-year endowment for \$1,000. Another earning \$12 a month purchased \$2,000 twenty-pay. Those whose monthly incomes had been less than \$50—average was \$30—had purchased contracts averaging \$1,430. Two of the contracts in the whole group had been for more than \$10,000.

Several voluntarily added comments to the questionnaire, advising early investment in insurance and additions whenever possible.

Two Factors Guard Against Inflation

NEW YORK—Two basic factors protect the United States economy against inflationary price rises, according to the February bulletin of the National City Bank of New York. The first is "the sufficiency of supplies of industrial materials, with some exceptions, and the abundance of foods." The other is "the attitude of business and government."

"If both parties maintain their present attitudes, supplies will go around; and in the few cases where scarcity is real, it is more in the general interest to economize in ordinary consumption than to force an uprush of prices," the summary points out.

The existence of a considerable labor reserve, that is, workers who can be

taken from the ranks of the unemployed and effectively trained and put to work, will prove to be the most effective force in countering inflationary influences that the country possesses, the bank's publication states. It adds that "it is plain that the emphasis belongs on increased production and orderly markets rather than on higher prices and on more work and stable living costs rather than on higher wage rates."

This labor reserve as a brake on inflation is a technical problem involving training and placement of workers and must be dealt with cooperatively by the industries and the educational system, the bulletin points out. Presumably there is enough available labor so that there will not be a shortage of it to skyrocket wages as was the case during the last war.

Lawyer Warns on Loophole Hunts

PHILADELPHIA — Pennsylvania's "archaic" constitution was held responsible for many hardships and inequalities in taxation and for placing an unfair burden on beneficiaries of life insurance by Robert Dechert, Philadelphia attorney, expert in insurance and fiduciary law, at a joint dinner-meeting of the Philadelphia Association of Life Underwriters and the Corporate Fiduciaries Association. E. L. Reiley, Penn Mutual, underwriters president, presided. E. W. Freeman, president, fiduciary group, spoke briefly.

Mr. Dechert said the state constitution, in forbidding graduated taxes, including any effective graded income tax, compelled reliance upon a personal property tax for revenue. He deplored last year's state supreme court decision making the proceeds of life insurance left with the company subject to the personal property tax and urged passage "of legislation nullifying this destructive decision."

"This levy is an unfair burden upon the beneficiaries of the average insurance policy," he said.

Warns Against Loophole Hunt

He warned against constantly seeking to find loopholes in tax laws to benefit clients "because the government, you know, has people who are almost as bright as we are, ready to plug those loopholes as fast as they are thought up. Many tax evasions that are perfectly legal today will be outlawed in one or two years from now."

"We, who deal with other people's money, must remember the trust placed in us, and must go beyond mere legal decisions and the letter of the law. We must follow closely the living philosophy of the Supreme Court and the Congress as they reflect the temper of the times."

He predicted before long there will be a federal inheritance tax in addition to the federal estate tax, and he said that in many cases such a tax would be equitable.

Wholesale Dealers Lead in Large Policy Survey

Lincoln National Life has just completed a survey to determine the big buyers of life insurance during 1940. Among buyers of policies for \$10,000 or more, wholesale dealers led all other occupational classes in total amount, but they ranked second to brokers, bank managers, and real estate company officials in the number of big policies bought.

By amount the other occupational groups were: factory managers, brokers, bank managers and real estate company

Connell Gives Examples of Forced Liquidation

NEWARK—C. D. Connell, general agent Provident Mutual, New York City, gave from his own experience some examples of the dangers of forced liquidation of estates, in speaking at the tax and business insurance course sponsored by the Life Underwriters Association of Northern New Jersey.

In one of these examples, Mr. Connell contrasted the estates of two men. One had an estate of some \$4,000,000 but by unwise distribution left very little for those he most wanted to benefit. His will specified many cash bequests and by the time enough of his estate had been liquidated for these bequests and for taxes there was comparatively little left. The other man, a neighbor, learned of this situation and set his own house in order, the result being that when he died his estate came as close as possible to fulfilling his aims.

Dilemma of Widow

Another story was of a man who was a partner in a closed corporation. He had a son by a previous marriage and married a woman with a daughter by a previous marriage. He had an excellent distribution plan, but three years ago

cancelled it, feeling that the administration cost of using a trust company would be excessive. He named his wife as executrix. His share of the business had an estimated value of \$300,000, but it was left to his wife to negotiate with the president of the corporation as to what she should receive for it. Since the decedent's son and son-in-law were both employed by the firm there was danger that they might lose their jobs if the executrix came too demanding, consequently she was forced to sell for an amount considerably below the real value of her interest.

Emphasizing that the type of holdings in the estate is extremely important, Mr. Connell told of a man who left an estate consisting almost entirely of standing timber, lumber, and saw mills. Because of the difficulty of forced liquidation the heir of one-third of the \$10,000,000 estate has a very scanty income above the small salary he earns. In another case a doctor who operates a sanitarium was shown that without his experience and business ability the sanitarium when left to his two sisters might be more of a liability than an asset. He now has arranged an income

officials, retail dealers, physicians and surgeons, students; lawyers, judges, and justices, iron and steel factory managers, insurance salesmen, farmers and housewives. By number, the other high classifications were physicians and surgeons, retail dealers; lawyers, judges and justices; factory managers, students, insurance salesmen, iron and steel factory managers, and agents, canvassers and collectors.

Holds Time Is Ripe to Drop Commission Basis for Agents

(CONTINUED FROM PAGE 10)

sideration of the wisdom of this change, or if it did do so, that it did not make reference to its point of view along these lines in its report. As to the fear of disrupting the present basis, Mr. Hopf expressed impatience saying that the real disturbance already exists, and it is in the minds of the public, having been generated by the continuance of the present system, which he termed "vicious though time-honored."

Lesson from Other Businesses

"If life insurance companies want to learn how to make salesmen more productive at lowered cost they could take a leaf out of the books of other lines of business, in many of which there has been a marked trend toward putting salesmen on a salary plus contingent compensation basis."

While conceding that established agents earning larger incomes might prefer to stick to the commission form of compensation, Mr. Hopf said there would certainly be a strong attraction in the prospect of an assured salary and the opportunity of doing a better selection job. In addition there would be the opportunity to get a better average type of new men because of the provision of a steady income. There is no more difficulty in picking salesmen than in selecting any other kind of employee, he maintained, adding that if the selection process results in poor material then there is something wrong with the process and it should be changed.

As far as the contention that the salary robs the best man to pay more to the mediocre one is concerned, Mr. Hopf states that this is based on a fallacious concept of what constitutes a good salesman. The real measure of a good salesman is one who produces and maintains business at the lowest cost to policyholders. He contends that it is ridiculous to argue that a man who sells \$1,000,000 on a single life is really earning a premium 1,000 times greater than the man who sells only a \$1,000 policy.

Sees No Loss of Good Men

Mr. Hopf has no patience whatever with the argument that adoption of a salary-plus-contingent compensation basis for its agents would subject a company to loss of its better men to companies which did not adopt such a basis. There will be some such losses, he admitted, but said that these would be few in comparison with the number who would be so well satisfied with a soundly conceived salary-plus basis that they would not care to leave it for the speculative possibilities of a commission plan. Habit would also be a strong force holding men to any new basis under which they were operating, just as it now tends to keep the commission basis in favor, despite its obvious shortcomings.

The exact basis of compensation is one which would have to be worked out scientifically with the objective of producing lower unit costs, better persistency, and favorable mortality, all of which are in the policyholders' interest. The compensation basis should be such as to reflect the agent's excellence in contributing to these objectives. On the other hand, his compensation should not be linked with factors over which he has no possibility of exercising any in-

Rating Comparative Hazards in War Service Useless

The "Review" of London in its Dec. 13 edition has this article prompted by some observations in THE NATIONAL UNDERWRITER last July 1:

"An article in THE NATIONAL UNDERWRITER (U. S. A.) in July discussed the effect upon the insurance in that country of the outcome of the air battle for Britain. Life insurance officials in America, it said, were watching the battle with keen interest because it would, presumably, constitute a showdown between two opposing theories of air warfare—the German which pinned its faith to numbers, mass-produced machines and pilots, and the British which insisted on the best quality of equipment and the best-trained pilots. If the German plan proved sound, so the article argued, the United States might have no alternative but to base its own defense on the same pattern. That would mean that instead of drawing its recruits entirely from college students and giving them thorough training and the best of planes it is possible to build, the program might have to be based on the greatest possible number of planes, merely adequate to meet minimum standards and a corps of pilots drawn from all walks of life and given a rough training; which of course would mean that life offices would need to make provisions accordingly."

Further Examination

"So much has happened since that was written that it would not be fair, or reasonable, to discuss it as though it represented the opinion of the paper today. The point it raises, however, is of interest and importance and should repay further examination."

"Perhaps the best way to set about

fluence, such as the company's investment success.

Broadly, the salary basis should be such as to provide the new man with enough to meet his minimum living requirements. The contingent extra compensation, based on the factors mentioned, would provide the incentive for him to excel. However, when the contingent compensation seemed likely to exceed the basic salary the latter should be readjusted upward. The contingent compensation should never loom so large as to be speculative, that is, it should never lure the agent away from doing the best possible job for the company and the policyholders.

Not the least benefit of the salary-plus plan is that it would give management more control over agents, Mr. Hopf contends. He pointed out that management can exercise little control over the big producers for fear they will take themselves and their business to another company. Even on the other agents the supervision must necessarily be a sort of moral suasion rather than executive direction. Unless the agent is intelligent and willing enough to take advice there is nothing that can be done to compel him to work more efficiently. And because the men are not being paid a salary they tend on the whole to be of a lower average grade than if they were being paid for their time.

Steel Policy Box

Permanent Policy Container

Heavy Steel. Size 11 1/2 x 5 1/2 x 2 1/2. Finished in Black Enamel. Advertisement in gold on top of box. Each in carton, with two keys. Lots of 25-50 or 100 52c ea. A silent salesman that will last a lifetime.

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that would be to try to answer the question the writer of the article suggested, in the light of what has since occurred. It may be that in that way we shall get a rather different idea of the underlying problem. As a beginning we might consider this: when are we to form our judgment as between the two theories of air warfare? At the time of writing the Germans have been hammering away at us for months. How much nearer are we to being able to answer the question than we were before? It is evident, of course, that so far quality has prevailed. But let us make no mistake on this score: quality alone is not going to win the war. There has been here, and if we read the signs aright, there is still in the United States, a tendency to think of the war too much in terms of defense. But defense gets us nowhere. So long as we are content merely to defend ourselves the enemy will have a free hand to hatch more devilleries. He will have to be crushed at home before we can have peace on a worthwhile basis. And that will mean quantity as well as quality.

Exclude Flying Risks

"Indeed, it must already be evident that our government is planning to that end and life offices in this country acting accordingly, are excluding flying risks from policies now being issued, except flying as fare-paying passengers on recognized air routes—as a rule restricted to the United Kingdom and Northern Ireland."

"When one has reached that stage it does not matter from the underwriting point of view, surely, whether the training given to pilots is good or indifferent, though of course it will be of vital importance to the nation, and so indirectly to life offices, that training should be first class."

"Perhaps we can now see more clearly what conditions underwriters must be prepared to face. Victory, if it is to be achieved in the air, will necessitate overwhelming superiority on the winning side. Weight of numbers cannot be left out of account and the standard of training must be maintained as high as possible."

"There seems to be no argument today, the article concludes, against the view that the air service is the most hazardous. During the first world war that, it says, was not true, the infantry being the most dangerous, although the spectacular nature of air warfare undoubtedly caused a general impression that it was the most risky."

Comparative Dangers

"It is difficult for us, with our ideas of underwriting, to understand this concern as to the comparative dangers of the various services. In point of fact within recent months casualties among civilians have been very much larger than in the three fighting services combined, and since nothing is known of how the war may develop it might seem valueless to attempt such distinctions between the various branches of the services. It is true, however, that a number of our life offices are willing to grant policies giving very substantial cover—50 percent and more—on lives serving in the army in this country, whereas flying risks in such policies are excluded. That, however, to our mind can hardly be taken as an admission that the flying risk is necessarily so much the greater. Rather should it be taken as indicating that in the present stage of the war, with the greater part of the army in this country not in contact with the enemy, the military risk is abnormally small. And that may well suggest that this stage of the war cannot last forever."

German Insurers Aid in War Risk Cover

German insurance companies have made a number of binding arrangements for the coverage of war risks, supplementing indemnities for war damages paid by the Reich.

The arrangements are listed in a review of German insurance for 1939, in the "Foreign Commerce Weekly" of the United States Department of Commerce. The Frankfurter Zeitung is quoted as reporting that all claims for deaths incurred in the Polish campaign have been paid in full. A government decree provides for the coverage of war risks in all life insurance, without increases in premiums. Full claims are paid in connection with deaths caused by air raids over the German countryside. Group insurance also covers war risks without premium increases.

Similar rules apply in the case of sickness and funeral expense insurance. The family of a policyholder who dies while serving with the army may continue the insurance. Wherever the Reich acknowledges its obligation to pay, private companies are held liable only for funeral expense claims. Insurance may be continued without restrictions after the insured returns home from military service—even though his war-time activities may have increased the risk. The German companies also are preparing to take over the so-called war-disease risk.

Insurance companies writing accident coverage assume claims for indirect war damages. These include injuries to citizens during black-outs and while enroute to air-raid shelters. They do not include direct war risks, such as bomb attacks. Those in army service are covered only for accidents incurred while off duty.

Use Accident & Health Week promotional material to increase sales. Write your company for details.

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AND MY STOP IS HOTEL Mayfair!
TOPS IN FOOD & SERVICE—AND RIGHT DOWNTOWN





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Walter Cluff is a genuine educator backed by many years of experience—first with the rate book for a long time and more recently as home office training instructor and author of five well known educational books on life insurance. He knows very definitely what field men want and need—and how to present these things in a language easy-to-understand.

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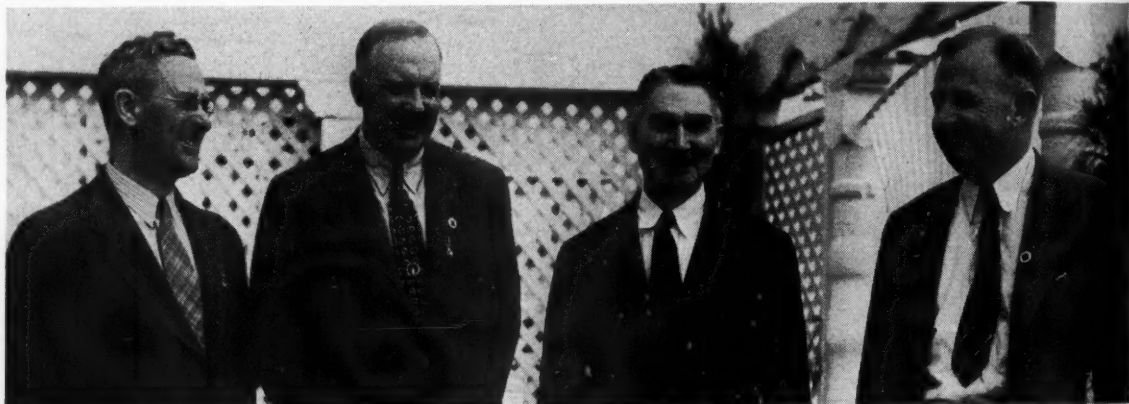
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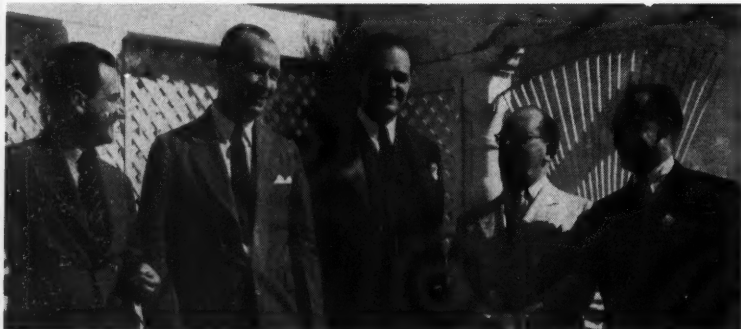
Fourth row: Paul Troth, D. D. Ewing, Jr., M. W. Title (in rear), B. S. Cogan, H. F. O'Reilly, D. A. Nadell, R. N. Lyons, L. P. Smith, J. W. Bloom (in rear), M. L. Hunter, M. P. Ford, R. C. Reed, J. S. Carey.

Top row: I. Benjamin, P. F. Grove, Jr., D. M. Cox, W. Hearne, L. Wentink, L. A. Strassner, H. R. Ward, P. A. Hazard, Jr., T. H. Turner, W. A. Evans and W. O. J. Lundquist.



Executives of the Home Life of New York with Superintendent Pink of New York at the Home's Hollywood Beach, Fla., convention: Left to right: W. J. Cameron, vice-president and actuary, E. I. Low, board chairman, Superintendent Pink and James A. Fulton, president.

For the first time in 25 years Minnesota has a working insurance man as its commissioner. He is Newell Johnson, who succeeds Frank Yetka. He has conducted the Insurance Service Agency at Bemidji and has been general agent for Minnesota Mutual Life. He is 43 years old.



New officers of the President's Club of the Home Life of New York at Hollywood Beach, Fla., convention: (left to right) R. B. DuVal, director; W. M. Bramhall, director; P. S. Gesswein, president; L. L. Rothstein, vice-president, and G. C. Driesbach, director.

Mr. Gesswein, who is with the R. C. Ellis agency, New York, wrote more than \$1,000,000 business in 1940 with a quality efficiency rating of 100 percent which means no first or second year lapses. Mr. Rothstein is with the Harry Jacoby agency, New York City. Mr. Driesbach is with the Chicago-Ramsey agency. He showed an 80 percent increase in paid business last year with an efficiency rating of 97 percent; Mr. DuVal of Baltimore had an efficiency rating of 99. Mr. Bramhall is with the Chicago-Ramsey agency. He joined the Home in 1939 and finished in 5th place in 1940.



One of the highlights of the Florida visit by the managers of the Occidental Life of North Carolina was a trip to Marine Studios, Marineland, Fla.

Shown in the picture taken at the studios are: President Laurence F. Lee, Occidental Life and Peninsular Life of Florida; W. H. Trentman, vice-president Occidental; Charles Hazell, N. C.; Clem Tebbs, Utah; Clee Hooks, N. C.; Fullmer Tebbs, Utah; C. A. Lee, Col.; C. A. Chase, Tex.; Elbert Chambers, N. C.; George Beverly, N. C.; James Joyce, N. C.; Joseph Sikes, N. C.; Howard Britton, Va.; V. B. Travis, Va.; Cou Browne, N. C.; Wharton Separk, N. C.; and Roby McNeil, N. C.; and the following Peninsular Life officers: B. B. Hudnall, director of agencies; B. L. DeWitt, assistant treasurer; T. O. Houston, agency secretary; and O. M. Ball, manager salary continuance division.

The party also visited Ponte Vedra, Fla., and St. Augustine, Fla.